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Lacking several issues

Ontario finances

Government
Publications

[1st Quarter -
1973]

July 31, 1973

This is the first quarterly report on the performance of the 1973 Ontario Budget.

Summary — The latest outlook for Ontario's 1973-74 financial position shows a deficit from budgetary operations of \$443 million or \$41 million above the Budget estimate. The non-budgetary deficit is revised upwards by \$23 million to \$457 million. Accordingly, net cash requirements, including the \$144 million Suspense Account re the North Pickering Community Development project, are now forecast at \$900 million or \$64 million higher than the April Budget. The largest factor in this increase is the withdrawal since Budget of a proposed tax on energy with an estimated revenue yield of \$65 million.

	<u>Budgetary Deficit</u>	<u>Non-Budgetary Deficit</u>	<u>Net Cash Requirements</u>
	(Millions of Dollars)		
Original Budget Estimate	402	434	836
Revised Estimate	<u>443</u>	<u>457</u>	<u>900</u>
Increase	<u>41</u>	<u>23</u>	<u>64</u>

The increased budgetary deficit is explained by additional expenditure of \$48 million partly offset by a gain of \$7 million in revenue. Expenditure increases include salary awards and higher public debt charges. The better than expected performance of the Ontario economy should boost retail sales tax, corporation taxes and other taxes by \$59 million. In addition, federal government payments and other revenue are revised upwards for a total of \$30 million. On the other hand, revenue losses include the withdrawal of the proposed energy tax and lower interest on investments.

An advance of \$29 million to Ontario Northland Transportation Commission largely explains the increase in the non-budgetary deficit.

In line with its objective of a reduction in the public debt, the Government has begun the paying down of \$65 million in treasury bills. The result of this action together with the additional \$64 million required for operating purposes, implies a decrease in liquid reserves of \$102 million rather than an increase of \$27 million as predicted in the Budget.



Ontario

Ministry of
Treasury,
Economics and
Intergovernmental
Affairs

The Honourable John White **Minister**
H. Ian Macdonald **Deputy Minister**

statement of cash requirements and related financing¹ 1973-74

table 1

	Budget Estimate	Revised Estimate	Increase (Decrease)
	(Millions of Dollars)		
<u>BUDGETARY TRANSACTIONS:</u>			
Gross Revenue (See Table 2)	6,867.2	6,874.5	7.3
Gross Expenditure (See Table 3)	7,269.3	7,317.2	47.9
Budgetary Deficit	<u>(402.1)</u>	<u>(442.7)</u>	<u>(40.6)</u>
<u>NON-BUDGETARY TRANSACTIONS:</u>			
Receipts and Credits (See Table 4)	283.7	289.6	5.9
Disbursements and Charges (See Table 5)	717.8 ²	746.6 ²	28.8
Non-Budgetary Deficit	<u>(434.1)</u>	<u>(457.0)</u>	<u>(22.9)</u>
<u>NET CASH REQUIREMENTS:</u>	<u>836.2</u>	<u>899.7</u>	<u>63.5</u>
<hr/>			
<u>FINANCING:</u>			
Canada Pension Plan	595.0	595.0	—
Teachers' Superannuation Fund	167.0	167.0	—
Municipal Employees' Retirement Fund	106.4	105.8	(.6)
Federal-Provincial Winter Capital Projects Fund	35.0	35.0	—
CMHC Waste Control Loans	16.1	16.0	(.1)
Municipal Works — Retirements	(4.2)	(4.2)	—
Treasury Bills — Net Retirements	—	(65.0)	(65.0)
Public Debentures — Retirements	(52.0)	(52.1)	(.1)
Reduction or (Increase) in Liquid Reserves	<u>(27.1)</u>	<u>102.2</u>	<u>129.3</u>
<u>TOTAL FINANCING</u>	<u>836.2</u>	<u>899.7</u>	<u>63.5</u>

(1) Net cash requirements and total financing exclude the issue and retirement of public debentures by the Province on behalf of Ontario Hydro.

(2) Includes \$144 million non-recurring outlay re land purchases for North Pickering Community Development.

gross budgetary revenue 1973-74

table 2

	Budget Estimate	Revised Estimate	Increase (Decrease)
	(Millions of Dollars)		
TAXATION:			
Personal Income Tax ¹	1,314.0	1,314.0	—
Retail Sales Tax	1,315.0	1,300.0	(15.0)
Corporation Income Tax	515.0	529.0	14.0
Capital and Premium Tax	82.0	87.0	5.0
Gasoline Tax	462.0	462.0	—
Motor Vehicle Fuel Tax	78.0	66.0	(12.0)
Tobacco Tax	100.0	100.0	—
Succession Duty	59.0	59.0	—
Land Transfer Duty	33.0	35.0	2.0
Race Tracks Tax	27.0	27.0	—
Mines Profits, Acreage, Gas	20.0	20.0	—
Income Tax — Public Utilities	12.0	12.0	—
Share of Federal Estate Tax	2.0	1.5	(.5)
Other Taxation	2.0	5.0	3.0
TOTAL TAXATION REVENUE	4,021.0	4,017.5	(3.5)
OTHER REVENUE:			
Premiums — OHIP	520.0	528.0	8.0
Vehicle Registration Fees	180.3	176.0	(4.3)
Other Fees and Licences	84.5	92.0	7.5
LCBO Profits	280.0	280.0	—
Fines and Penalties	36.7	36.7	—
Sales and Rentals	25.7	27.3	1.6
Royalties	26.1	26.0	(.1)
Miscellaneous	27.8	29.1	1.3
TOTAL OTHER REVENUE	1,181.1	1,195.1	14.0
FEDERAL GOVERNMENT PAYMENTS:			
Hospital Insurance Agreement	524.2	529.1	4.9
Medical Care Agreement	249.7	249.7	—
Canada Assistance Plan	241.4	241.3	(.1)
Post-Secondary Education Adjustment Payments	155.0	155.0	—
Adult Occupational Training Agreement	53.6	61.8	8.2
Second Language Program	16.0	16.0	—
Health Resources Fund	15.0	15.0	—
Other Shared-Cost Programs	30.4	33.6	3.2
Annual Subsidies and Interest	5.6	5.6	—
TOTAL FEDERAL GOVERNMENT PAYMENTS	1,290.9	1,307.1	16.2
INTEREST ON INVESTMENTS	374.2	354.8	(19.4)
TOTAL BUDGETARY REVENUE	6,867.2	6,874.5	7.3

(1) Net of \$160 million for property tax credits.

gross budgetary expenditure 1973-74

table 3

table 3	Budget Estimate	Revised Estimate	Increase (Decrease)
	(Millions of Dollars)		
<u>POLICY FIELDS AND MINISTRIES</u>			
Social Development Policy:			
Health	2,192.4	2,194.3	1.9
Education	1,374.5	1,374.7	.2
Colleges and Universities	807.4	808.9	1.5
Community and Social Services	483.8	483.8	—
Sub-total	<u>4,858.1</u>	<u>4,861.7</u>	<u>3.6</u>
Resource Development Policy:			
Transportation and Communications	675.9	683.0	7.1
Natural Resources	151.9	152.3	.4
Agriculture and Food	108.4	109.6	1.2
Environment	49.1	50.0	.9
Industry and Tourism	27.6	26.8	(.8)
Labour	12.8	12.5	(.3)
Sub-total	<u>1,025.7</u>	<u>1,034.2</u>	<u>8.5</u>
Justice Policy:			
Solicitor General	87.7	90.8	3.1
Correctional Services	82.7	82.7	—
Attorney General	65.6	66.3	.7
Consumer and Commercial Relations	29.1	29.5	.4
Sub-total	<u>265.1</u>	<u>269.3</u>	<u>4.2</u>
General Government:			
Treasury, Economics and Intergovernmental Affairs	251.3	251.6	.3
Government Services	177.7	182.0	4.3
Revenue	98.1	98.1	—
Other	16.3	16.9	.6
Sub-total	<u>543.4</u>	<u>548.6</u>	<u>5.2</u>
Public Debt Interest	<u>577.0</u>	<u>584.3</u>	<u>7.3</u>
Salary Awards and Employee Benefits	<u>—</u>	<u>19.1</u>	<u>19.1</u>
TOTAL GROSS BUDGETARY EXPENDITURE	<u>7,269.3</u>	<u>7,317.2</u>	<u>47.9</u>

non-budgetary receipts and credits 1973-74

table 4

table 4	Budget Estimate	Revised Estimate	Increase (Decrease)
		(Millions of Dollars)	
<u>REPAYMENTS OF LOANS AND ADVANCES:</u>			
Education Capital Aid Corporation	42.5	42.5	—
Universities Capital Aid Corporation	18.6	18.6	—
Hospital Construction Loans	11.0	10.4	(.6)
Water Treatment and Waste Control Projects	9.9	9.9	—
Ontario and Northern Ontario Development Corporations	5.8	5.6	(.2)
Junior Farmer Establishment Loan Corporation	5.1	5.1	—
Hydro-Nuclear Power Generating Station	5.0	5.0	—
Municipal Works Assistance	4.2	4.2	—
Tile Drainage Debentures	3.6	3.6	—
Municipal Improvement Corporation	3.3	3.3	—
Housing Corporations	3.0	9.8	6.8
Other	3.3	3.3	—
Sub-total	115.3	121.3	6.0
<u>PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS:</u>			
Public Service Superannuation Fund	127.6	127.6	—
Municipal Employees' Retirement Fund	19.8	19.8	—
Motor Vehicle Accident Claims Fund	10.0	10.0	—
Other	1.0	.9	(.1)
Sub-total	158.4	158.3	(.1)
<u>PROVINCE OF ONTARIO SAVINGS DEPOSITS (NET)</u>	10.0	10.0	—
<u>TOTAL RECEIPTS AND CREDITS</u>	283.7	289.6	5.9

non-budgetary disbursements and charges 1973-74

table 5

table 5	Budget Estimate	Revised Estimate	Increase (Decrease)
	(Millions of Dollars)		
<u>LOANS AND ADVANCES:</u>			
Education Capital Aid Corporation	99.4	99.4	—
Universities Capital Aid Corporation	65.0	65.0	—
Water Treatment and Waste Control Projects	81.6	81.6	—
Housing Corporation Limited	69.0	69.0	—
Ontario (and Student) Housing Corporations:			
Regular Programs	56.9	56.9	—
North Pickering Community	144.0	144.0	—
Ontario and Northern Ontario Development Corporations	36.2	36.2	—
Federal-Provincial Winter Capital Projects Fund	35.0	35.0	—
Hospital Construction Loans and Assistance	26.9	26.9	—
Federal-Provincial Employment Loans, 1971	24.0	24.0	—
Tile Drainage Debentures	7.0	7.0	—
Municipal Improvement Corporation	6.0	6.0	—
Federal-Provincial Development Loans, 1970	1.8	1.8	—
Ontario Northland Transportation Commission	—	29.0	29.0
Other	1.9	2.2	.3
Sub-total	654.7	684.0	29.3
<u>PENSION FUNDS, DEPOSIT, TRUST</u>			
<u>AND RESERVE ACCOUNTS:</u>			
Public Service Superannuation Fund	34.5	34.5	—
Municipal Employees' Retirement Fund	20.2	19.5	(.7)
Motor Vehicle Accident Claims Fund	8.0	8.0	—
Other	.4	.6	.2
Sub-total	63.1	62.6	(.5)
TOTAL DISBURSEMENTS AND CHARGES	717.8	746.6	28.8

ONTARIO FINANCES

[2nd - 1973]

Government
Publication

OCTOBER 31, 1973

This is the second progress report on the performance of the 1973 Ontario Budget. It includes a new dimension, comparing the first six-months' results in the 1973 fiscal year (i.e. April 1 to September 30) with the results for the same period in 1972.

The revised outlook for the 1973-74 fiscal year shows a budgetary deficit of \$542 million, or \$140 million higher than originally planned in the 1973 Budget. The non-budgetary deficit is also revised upwards by \$31 million to \$465 million. Net cash requirements (including the \$144 million Suspense Account for the North Pickering Community Development project) are projected at \$1,007 million, or \$171 million higher than originally estimated.

1973-74	Budgetary Deficit	Non-Budgetary Deficit	Net Cash Requirements
Original Budget Estimate	402	434	836
Revised Estimate	542	465	1,007
Increase	140	31	171

The increased budgetary deficit is the result of a \$64 million decline in revenue together with a \$76 million increase in expenditure. The estimated yield from personal income tax is down by \$49 million. This comprises \$20 million in higher refunds under the Ontario tax credit program — now estimated at \$180 million — and a \$29 million reduction in payment flows due to a revised federal estimate of income tax collections. Pending negotiations, estimated revenues from shared cost programs have also been reduced by \$19 million as a result of the recent disallowance by the federal government of reimbursement claims for the Province's extended health care program.

On the expenditure side, the largest increases relate to salary awards for \$36 million; payments of \$17 million to needy pensioners under the Ontario Pensioner Assistance Program announced on October 4 and higher interest costs of \$11 million.

The increase of \$31 million in the non-budgetary deficit is largely attributable to a loan of \$28 million to the Ontario Northland Transportation Commission.

In the first six months of this fiscal year revenues amounted to \$3,151 million, or 8.7 per cent higher than in the first six months of last year. Expenditures totalled \$3,340 million, up by 12.5 per cent over the same period in 1972-73. A substantial part of this increase represents additional transfers to municipalities. There was a deficit of \$41 million on non-budgetary transactions in the six-month period this year compared with a \$114 million deficit a year earlier.

statement of cash requirements and related financing¹ 1973-74

table 1

Comparative Budget Performance			1973-74			
6 months 1972	6 months 1973	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
BUDGETARY TRANSACTIONS:						
2,898	3,151	253	Gross Revenue (See Table 2)	6,867	6,803	(64)
2,968	3,340	372	Gross Expenditure (See Table 3)	7,269	7,345	76
<u>(70)</u>	<u>(189)</u>	<u>(119)</u>	Budgetary Surplus or (Deficit)	<u>(402)</u>	<u>(542)</u>	<u>(140)</u>
NON-BUDGETARY TRANSACTIONS:						
139	179	40	Receipts and Credits (See Table 4)	284	295	11
253	220	(33)	Disbursements and Charges (See Table 5)	718 ²	760 ²	42
<u>(114)</u>	<u>(41)</u>	<u>73</u>	Non-Budgetary Surplus or (Deficit)	<u>(434)</u>	<u>(465)</u>	<u>(31)</u>
<u>184</u>	<u>230</u>	<u>46</u>	NET CASH REQUIREMENTS	<u>836</u>	<u>1,007</u>	<u>171</u>
FINANCING:						
337	379	42	Canada Pension Plan	595	605	10
26	82	56	Teachers' Superannuation Fund	167	167	—
—	—	—	Municipal Employees' Retirement Fund	106	106	—
—	—	—	Federal-Provincial Winter Capital Projects Fund	35	25	(10)
6	11	5	CMHC Waste Control Loans	16	14	(2)
(10)	—	10	Debentures Held by Provincial Agencies	—	—	—
(1)	(1)	—	Municipal Works — Retirements	(4)	(4)	—
25	(65)	(90)	Treasury Bills — Net Issues or (Retirements)	—	(65)	(65)
86	(53)	(139)	Public Debentures — Net Issues or (Retirements)	(52)	(55)	(3)
<u>(285)</u>	<u>(123)</u>	<u>162</u>	Reduction or (Increase) in Liquid Reserves	<u>(27)</u>	<u>214</u>	<u>241</u>
<u>184</u>	<u>230</u>	<u>46</u>	TOTAL FINANCING:	<u>836</u>	<u>1,007</u>	<u>171</u>

1. Net cash requirements and total financing exclude the issue and retirement of public debentures by the Province on behalf of Ontario Hydro.
2. Includes \$144 million non-recurring outlay re land purchases for North Pickering Community Development.

budgetary revenue 1973-74

table 2

Comparative Budget Performance			1973-74			
6 months 1972	6 months 1973	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
TAXATION:						
592	569	(23)	Personal Income Tax ¹	1,314	1,265	(49)
431	607	176	Retail Sales Tax	1,315	1,300	(15)
290	340	50	{ Corporation Income Tax	515	529	14
233	248	15	{ Capital and Premium Tax	82	87	5
29	35	6	Gasoline Tax	462	462	—
46	46	—	Motor Vehicle Fuel Tax	78	66	(12)
38	44	6	Tobacco Tax	100	100	—
14	24	10	Succession Duty	59	59	—
12	14	2	Land Transfer Tax	33	40	7
1	2	1	Race Tracks Tax	27	27	—
—	—	—	Mines Profits, Acreage, Gas	20	20	—
6	1	(5)	Income Tax — Public Utilities	12	12	—
6	5	(1)	Share of Federal Estate Tax	2	2	—
			Other Taxation	2	7	5
1,698	1,935	237	TOTAL TAXATION REVENUE	4,021	3,976	(45)
OTHER REVENUE:						
244	244	—	Premiums — OHIP	520	528	8
29	38	9	Vehicle Registration Fees	180	176	(4)
43	44	1	Other Fees and Licences	84	92	8
102	110	8	LCBO Profits	280	280	—
15	16	1	Fines and Penalties	37	37	—
14	14	—	Sales and Rentals	26	27	1
11	12	1	Royalties	26	26	—
18	10	(8)	Miscellaneous	28	31	3
476	488	12	TOTAL OTHER REVENUE	1,181	1,197	16
FEDERAL GOVERNMENT PAYMENTS:						
244 ²	222	(22)	Hospital Insurance Agreement	524	533	9
113	121	8	Medical Care Agreement	250	243	(7)
93	104	11	Canada Assistance Plan	241	217	(24)
82	77	(5)	Post-Secondary Education Adjustment Payments	155	153	(2)
34	35	1	Adult Occupational Training Agreement	54	62	8
9	10	1	Second Language Program	16	16	—
2	5	3	Health Resources Fund	15	15	—
6	5	(1)	Other Shared-Cost Programs	30	34	4
4	3	(1)	Annual Subsidies and Interest	6	6	—
587	582	(5)	TOTAL FEDERAL GOVERNMENT PAYMENTS	1,291	1,279	(12)
137	146	9	INTEREST ON INVESTMENTS	374	351	(23)
2,898	3,151	253	GROSS BUDGETARY REVENUE	6,867	6,803	(64)

1. Net of \$180 million for property tax credits (\$160 million per budget estimate).

2. Includes \$38 million recovery re 1971-72 expenditure.

budgetary expenditure 1973-74

table 3

Comparative Budget Performance			1973-74		
6 months 1972	6 months 1973	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy:					
899	969	70	2,192	2,194	2
689	801	112	1,375	1,378	3
302	332	30	807	809	2
182	201	19	484	474	(10)
2,072	2,303	231	4,858	4,855	(3)
Sub-Total					
Resource Development Policy:					
274	294	20	676	685	9
59	66	7	152	160	8
36	32	(4)	108	108	—
15	19	4	49	50	1
10	12	2	28	27	(1)
4	5	1	13	13	—
—	—	—	—	1	1
398	428	30	1,026	1,044	18
Sub-Total					
Justice Policy:					
39	39	—	88	91	3
31	37	6	83	86	3
27	30	3	65	67	2
10	12	2	29	30	1
107	118	11	265	274	9
Sub-Total					
General Government:					
80	90	10	251	269	18
66	81	15	178	183	5
34	36	2	98	97	(1)
7	7	—	16	16	—
187	214	27	543	565	22
Sub-Total					
204	277	73	577	588	11
—	—	—	—	19	19
2,968	3,340	372	7,269	7,345	76
GROSS BUDGETARY EXPENDITURE					

non-budgetary receipts and credits 1973-74

table 4

Comparative Budget Performance			1973-74		
6 months 1972	6 months 1973	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
REPAYMENTS OF LOANS AND ADVANCES:					
19	21	2	42	42	—
7	8	1	19	19	—
3	5	2	11	10	(1)
2	5	3	10	15	5
2	3	1	6	6	—
2	3	1	5	5	—
1	2	1	5	5	—
2	2	—	4	4	—
1	1	—	4	4	—
—	—	—	3	3	—
—	7	7	3	10	7
2	1	(1)	3	3	—
41	58	17	115	126	11
Sub-Total					
PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS:					
18	35	17	128	128	—
41	52	11	20	20	—
4	3	(1)	10	10	—
—	—	—	1	1	—
63	90	27	159	159	—
35	31	(4)	10	10	—
139	179	40	284	295	11
TOTAL RECEIPTS AND CREDITS					

non-budgetary disbursements and charges 1973-74

table 5

Comparative Budget Performance			1973-74			
6 months 1972	6 months 1973	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
<u>LOANS AND ADVANCES:</u>						
47	29	(18)	Education Capital Aid Corporation	99	99	—
65	37	(28)	Universities Capital Aid Corporation	65	65	—
39	35	(4)	Water Treatment and Waste Control Projects	82	98	16
19	7	(12)	Housing Corporation Limited	69	69	—
			Ontario (and Student) Housing Corporations:			
15	11	(4)	Regular Programs	57	52	(5)
—	11	11	North Pickering Community	144	144	—
9	10	1	Ontario and Northern Ontario Development Corporations	36	32	(4)
—	—	—	Federal-Provincial Winter Capital Projects Fund	35	25	(10)
14	13	(1)	Hospital Construction Loans and Assistance	27	27	—
—	10	10	Federal-Provincial Employment Loans, 1971	24	24	—
2	3	1	Tile Drainage Debentures	7	7	—
2	2	—	Municipal Improvement Corporation	6	6	—
—	1	1	Federal-Provincial Development Loans, 1970	2	2	—
—	24	24	Ontario Northland Transportation Commission	—	28	28
—	—	—	Shoreline Property Assistance	—	10	10
—	6	6	Transportation Development Corporation	—	6	6
24	—	(24)	Hydro-Nuclear Power Generating Station	—	—	—
2	1	(1)	Other	2	3	1
<u>238</u>	<u>200</u>	<u>(38)</u>	Sub-Total	<u>655</u>	<u>697</u>	<u>42</u>
<u>PENSION FUNDS, DEPOSIT, TRUST</u>						
<u>AND RESERVE ACCOUNTS:</u>						
12	16	4	Public Service Superannuation Fund	35	35	—
—	—	—	Municipal Employees' Retirement Fund	20	19	(1)
3	3	—	Motor Vehicle Accident Claims Fund	8	8	—
—	1	1	Other	—	1	1
<u>15</u>	<u>20</u>	<u>5</u>	Sub-Total	<u>63</u>	<u>63</u>	<u>—</u>
253	220	(33)	TOTAL DISBURSEMENTS AND CHARGES	718	760	42

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Ontario

Ministry of Treasury
Economics and
Intergovernmental
Affairs

Hon. John White
minister

H. Ian Macdonald
deputy minister

ONTARIO FINANCES

[1st - 1974]

Government
Publications

JULY 31, 1974

This is the first progress report on the performance of the 1974 Ontario Budget.

The fiscal outlook for 1974-75 now indicates a budgetary deficit of \$740 million or \$108 million higher than originally forecast. The non-budgetary deficit is also revised upwards by \$25 million to \$108 million. Consequently, net cash requirements are now projected at \$848 million.

1974-75	Budgetary Deficit	Non-Budgetary Deficit	Net Cash Requirements
Original Budget Estimate	625	83	708
Revised Estimate	740	108	848
Increase	115	25	140

The projected increase in the budgetary deficit largely reflects continuing inflationary pressures. The forecast of budgetary expenditure is now revised upwards by \$340 million because of increased costs of goods and services, larger transfer payments in the health-care delivery system and civil service salary and fringe benefit awards.

On the other hand, the estimate of budgetary revenue is now increased by \$225 million. An upward revision of \$101 million in federal government reimbursements includes \$70 million for the sharing of additional health care costs. The yield from corporate income and mining profit taxes is raised by \$126 million to reflect the buoyancy of corporate profits. Personal income tax collections, however, are estimated to decline by \$19 million.

On the non-budgetary account, disbursements show an increase of \$47 million while receipts are higher by \$22 million. Additional disbursements include \$30 million for mortgage lending under the Housing Action Program.

Progress to date on the Government's public debt reduction program amounts to \$369 million, comprising \$90 million for the retirement of treasury bills, \$74 million for scheduled public debenture maturities, and \$205 million for other debt reduction.

For the three months ended June 30, 1974, revenue amounted to \$1,576 million, or 13 per cent higher than in the same period last year. Expenditure totalled \$1,927 million for an increase of 21.2 per cent over year-before figures. The budgetary deficit of \$351 million for the three-month period this year compares with \$195 million a year ago. The increase is largely explained by a higher level of tax credits and additional transfers to local governments.

statement of cash requirements and related financing¹ 1974-75

table 1

Comparative Budget Performance			1974-75		
3 months 1973	3 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS:					
1,306	1,576	181	7,716	7,941	225
1,500	1,927	337	8,341	8,681	340
(195)	(351)	(156)	(625)	(740)	(115)
NON-BUDGETARY TRANSACTIONS:					
67	78	11	491	513	22
67	77	(10)	574	621	47
(20)	1	21	(83)	(108)	(25)
215	350	135	708	848	140
NET CASH REQUIREMENTS					
FINANCING:					
Non-Public Borrowing					
223	241	18	700	680	(20)
52	49	(33)	166	182	16
—	—	—	124	127	3
1	1	1	45	45	—
(1)	4	(5)	17	17	—
(1)	(1)	—	(8)	(9)	(1)
112	294	(19)	1,044	1,042	(2)
Public Borrowing					
(10)	(80)	(70)	(25)	(90)	(65)
(3)	(43)	(35)	(74)	(74)	—
—	(205)	(205)	(350)	(285)	65
(18)	(328)	(310)	(449)	(449)	—
(20)	384	464	113	255	142
215	350	135	708	848	140
TOTAL FINANCING					

1. Net cash requirements and total financing exclude the issue and retirement of public debentures by the Province on behalf of Ontario Hydro.

budgetary revenue 1974-75

table 2

Comparative Budget Performance			1974-75			
3 months 1973	3 months 1974	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
TAXATION:						
243	218	(25)	Personal Income Tax ¹	1,383	1,364	(19)
270	367	97	Retail Sales Tax	1,487	1,489	2
132	168	36	Corporation Income Tax	574	644	70
114	121	7	Capital and Premium Taxes	132	132	—
16	20	4	Gasoline Tax	510	510	—
20	21	1	Motor Vehicle Fuel Tax	75	75	—
23	19	(4)	Tobacco Tax	103	103	—
10	19	9	Succession Duty	75	75	—
—	—	—	Land Transfer Tax	120	120	—
6	6	—	Land Speculation Tax	25	25	—
—	1	1	Race Tracks Tax	32	32	—
—	—	—	Mining Profits Tax	88	144	56
2	—	(2)	Income Tax — Public Utilities	12	12	—
2	—	(2)	Share of Federal Estate Tax	—	1	1
			Other Taxation	4	3	(1)
838	960	122	TOTAL TAXATION REVENUE	4,620	4,729	109
OTHER REVENUE:						
110	122	12	Premiums — OHIP	535	535	—
26	42	16	Vehicle Registration Fees	192	192	—
18	22	4	Other Fees and Licences	92	92	—
49	51	2	LCBO Profits	312	320	8
7	8	1	Fines and Penalties	38	38	—
6	5	(1)	Sales and Rentals	27	28	1
7	8	1	Royalties	46	46	—
—	4	4	Water Treatment and Pollution			
4	4	—	Control Payments	21	21	—
227	266	39	Miscellaneous	18	19	1
			TOTAL OTHER REVENUE	1,281	1,291	10
FEDERAL GOVERNMENT PAYMENTS:						
84	104	20	Hospital Insurance Agreement	585	671	86
56	63	7	Medical Care Agreement	278	275	(3)
51	41	(10)	Canada Assistance Plan	236	253	17
39	36	(3)	Post-Secondary Education Adjustment Payments	144	144	—
25	12	(13)	Adult Occupational Training Agreement	55	55	—
6	6	—	Language Programs	27	27	—
4	4	—	Health Resources Fund	7	7	—
1	3	2	Other Shared-Cost Programs	49	50	1
—	—	—	Annual Subsidies and Interest	6	6	—
266	269	3	TOTAL FEDERAL GOVERNMENT PAYMENTS	1,387	1,488	101
64	81	17	INTEREST ON INVESTMENTS	428	433	5
1,395	1,576	181	TOTAL BUDGETARY REVENUE	7,716	7,941	225

1. Net of tax credits — for 3 months ended June 30, 1974: \$228 million (1973: \$120 million). Revised estimate for 1974-75: \$378 million (\$375 million per Budget estimate).

budgetary expenditure 1974-75

table 3

Comparative Budget Performance			1974-75			
3 months 1973	3 months 1974	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES						
			Social Development Policy:			
416	479	63	Health	2,314	2,515	201
472	536	64	Education	1,497	1,497	—
137	168	31	Colleges and Universities	927	929	2
94	115	21	Community and Social Services	647	677	30
1,119	1,298	179	Sub-Total	5,385	5,618	233
			Resources Development Policy:			
111	121	10	Transportation and Communications	794	809	15
23	24	1	Natural Resources	172	173	1
14	19	5	Agriculture and Food	105	105	—
7	8	1	Environment	65	67	2
5	7	2	Industry and Tourism	30	32	2
2	3	1	Labour	14	14	—
—	—	—	Energy	2	2	—
162	182	20	Sub-Total	1,182	1,202	20
			Justice Policy:			
18	20	2	Solicitor General	99	99	—
16	19	3	Correctional Services	95	96	1
14	17	3	Attorney General	77	78	1
5	7	2	Consumer and Commercial Relations	33	34	1
53	63	10	Sub-Total	304	307	3
			Other Ministries:			
53	122	69	Treasury, Economics and Intergovernmental Affairs	358	361	3
39	76	37	Government Services	225	227	2
10	11	1	Revenue	110	110	—
6	9	3	Housing	83	83	—
4	5	1	Other	20	20	—
112	223	111	Sub-Total	796	801	5
144	161	17	Public Debt — Interest	674	683	9
—	—	—	Provision for Salary Awards and Fringe Benefits	—	70	70
1,590	1,927	337	TOTAL BUDGETARY EXPENDITURE	8,341	8,681	340

non-budgetary receipts and credits 1974-75

table 4

Comparative Budget Performance			1974-75			
3 months 1973	3 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
(Millions of Dollars)			(Millions of Dollars)			
8	8	—	REPAYMENTS OF LOANS AND ADVANCES:			
3	3	—	Education Capital Aid Corporation	46	46	—
—	—	—	Universities Capital Aid Corporation	21	21	—
7	—	(7)	Ontario (and Student) Housing Corporations:			
—	—	—	North Pickering Community	133	153	20
1	—	(1)	Regular Programs	1	1	—
5	—	(5)	Federal-Provincial Winter Capital Projects Fund	18	18	—
1	2	1	Water Treatment and Pollution Control Facilities	15	15	—
—	—	—	Hospital Construction Loans	13	13	—
1	2	1	Ontario Development Corporations	9	9	—
—	—	—	Ontario Mortgage Corporation	8	8	—
1	2	1	Nuclear Power Generating Station	5	5	—
—	—	—	Municipal Improvement Corporation	4	4	—
1	1	—	Municipal Works Assistance	4	4	—
—	—	—	Tile Drainage Debentures	3	3	—
5	1	(4)	Other	3	4	1
32	17	(15)	Sub-Total	283	304	21
			PENSION FUNDS, DEPOSIT, TRUST AND			
			RESERVE ACCOUNTS:			
6	20	14	Public Service Superannuation Fund	142	142	—
19	20	1	Municipal Employees' Retirement Fund	21	22	1
1	2	1	Motor Vehicle Accident Claims Fund	13	13	—
—	1	1	Other	7	7	—
26	43	17	Sub-Total	183	184	1
9	18	9	PROVINCE OF ONTARIO SAVINGS DEPOSITS (NET)			
67	78	11	TOTAL RECEIPTS AND CREDITS	491	513	22

non-budgetary disbursements and charges 1974-75

table 5

<u>Comparative Budget Performance</u>			<u>1974-75</u>			
3 months 1973	3 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
(Millions of Dollars)			(Millions of Dollars)			
<u>LOANS AND ADVANCES:</u>						
14	16	2	Water Treatment and Pollution Control Facilities	116	116	—
15	8	(7)	Education Capital Aid Corporation	80	88	8
17	5	(12)	Universities Capital Aid Corporation	38	37	(1)
9	—	(9)	Ontario Mortgage Corporation	75	105	30
			Ontario (and Student) Housing Corporations:			
6	—	(6)	North Pickering Community	7	7	—
—	—	—	Housing Action Program	15	15	—
1	19	18	Regular Programs	46	46	—
5	7	2	Ontario Development Corporations	42	42	—
—	1	1	Federal-Provincial Winter Capital Projects Fund	35	35	—
6	8	2	Hospital Construction Loans and Assistance	28	28	—
—	—	—	Shoreline Property Assistance	10	10	—
—	1	1	Tile Drainage Debentures	5	5	—
2	1	(1)	Municipal Improvement Corporation	4	6	2
—	—	—	Ontario Northland Transportation Commission	—	7	7
3	—	(3)	Other	4	3	(1)
78	66	(12)	Sub-Total	505	550	45
<u>PENSION FUNDS, DEPOSIT, TRUST AND</u>						
<u>RESERVE ACCOUNTS:</u>						
7	9	2	Public Service Superannuation Fund	41	41	—
—	—	—	Municipal Employees' Retirement Fund	19	21	2
2	2	—	Motor Vehicle Accident Claims Fund	8	8	—
—	—	—	Other	1	1	—
9	11	2	Sub-Total	69	71	2
87	77	(10)	TOTAL DISBURSEMENTS AND CHARGES	574	621	47

Issued in January, July and October by the Taxation and Fiscal Policy Branch
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Ministry of Treasury
Economics and
Intergovernmental
Affairs

The Honourable John White minister
The Honourable Donald Irvine minister without portfolio
A. Rendall Dick deputy minister

ONTARIO FINANCES

Government
Publications

October 31, 1974

This is the second progress report on the performance of the 1974 Ontario Budget.

The revised outlook for 1974-75 shows a budgetary deficit of \$749 million or \$24 million above the Budget forecast. The non-budgetary deficit is also revised upwards by \$15 million to \$98 million. Accordingly, net cash requirements are now estimated at \$847 million.

1974-75	Budgetary Deficit	Non-Budgetary Deficit	Net Cash Requirements
		(Millions of Dollars)	
Original Budget Estimate	625	83	708
Revised Estimate	749	98	847
Increase	124	15	139

The higher budgetary deficit is largely explained by the continuing pressures of inflation. Budgetary expenditure is revised upwards by \$412 million, mainly because of wage settlements for health-care institutions, civil service salary awards and additional payments to the Teachers' Superannuation Fund.

On the other hand, budgetary revenue is estimated to increase by \$288 million, including \$180 million for higher tax collections. Corporate income and mining profit taxes are expected to yield an additional \$182 million and retail sales tax a further \$82 million. These gains are partially offset by downward revisions for land taxes (\$65 million) and personal income tax (\$19 million). Federal government payments under shared-cost programs are raised by \$81 million to reflect the higher costs of health care.

On the non-budgetary side, disbursements show an increase of \$33 million, including \$30 million for mortgage lending under the Housing Action Program. Receipts are raised by \$18 million.

Public debt reduction amounts to \$369 million, comprising \$90 million in treasury bills, \$74 million in scheduled public debenture maturities, and \$205 million in other debt.

For the six months ended September 30, 1974, revenue amounted to \$3,640 million or 15.5 per cent higher than year-before figures. Expenditure was \$3,970 million, for an increase of 18.9 per cent over the 1973 period. There was a deficit of \$73 million on non-budgetary transactions in the six-month period this year compared to a \$41 million deficit a year earlier.

statement of cash requirements and related financing¹ 1974-75

table 1

Comparative Budget Performance			1974-75		
6 months 1973	6 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
3,151	3,640	489	7,716	8,004	288
3,340	3,970	630	8,341	8,753	412
189	330	141	625	749	124
NON-BUDGETARY TRANSACTIONS					
179	149	(30)	491	509	18
220	222	2	574	607	33
41	73	32	83	98	15
230	403	173	708	847	139
NET CASH REQUIREMENTS					
FINANCING:					
Non-Public Borrowing					
379	406	27	700	680	(20)
82	89	7	166	239	73
—	—	—	124	127	3
—	4	4	45	24	(21)
11	6	(5)	17	17	—
(1)	(2)	(1)	(8)	(9)	(1)
471	503	32	1,044	1,078	34
Net Non-Public Borrowing					
Public Borrowing					
(65)	(90)	(25)	(25)	(90)	(65)
(53)	(45)	8	(74)	(74)	—
—	(205)	(205)	(350)	(285)	65
(118)	(340)	(222)	(449)	(449)	—
(123)	240	363	113	218	105
230	403	173	708	847	139
TOTAL FINANCING					

1. Net cash requirements and total financing exclude the issue and retirement of public debentures by the Province on behalf of Ontario Hydro.

budgetary revenue 1974-75

table 2

Comparative Budget Performance		
6 months 1973	6 months 1974	Increase (Decrease)
(Millions of Dollars)		

1974-75		
Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)		

TAXATION						
569	565	(4)	Personal Income Tax ¹	1,383	1,364	(19)
607	775	168	Retail Sales Tax	1,487	1,569	82
340	492	152	{ Corporation Income Tax Capital and Premium Taxes	574	700	126
248	258	10		Gasoline Tax	510	505
35	40	5	Motor Vehicle Fuel Tax	75	80	5
24	32	8	Land Transfer Tax	120	75	(45)
—	—	—	Land Speculation Tax	25	5	(20)
46	49	3	Tobacco Tax	103	103	—
2	11	9	Mining Profits Tax	88	144	56
44	37	(7)	Succession Duty	75	75	—
14	17	3	Race Tracks Tax	32	32	—
—	—	—	Income Tax—Public Utilities	12	12	—
1	—	(1)	Share of Federal Estate Tax	—	1	1
5	2	(3)	Other Taxation	4	3	(1)
1,935	2,278	343	TOTAL TAXATION REVENUE	4,620	4,800	180

OTHER REVENUE:

244	256	12	Premiums—OHIP	535	545	10
38	59	21	Vehicle Registration Fees	192	192	—
44	47	3	Other Fees and Licences	92	92	—
110	116	6	LCBO Profits	312	322	10
12	13	1	Royalties	46	46	—
16	19	3	Fines and Penalties	38	38	—
14	15	1	Sales and Rentals	27	27	—
—	14	14	Water Treatment and Pollution Control Payments	21	21	—
10	10	—	Miscellaneous	18	21	3
488	549	61	TOTAL OTHER REVENUE	1,281	1,304	23

FEDERAL GOVERNMENT PAYMENTS:

222	257	35	Hospital Insurance Agreement	585	658	73
121	138	17	Medical Care Agreement	278	275	(3)
104	107	3	Canada Assistance Plan	236	249	13
77	72	(5)	Post-Secondary Education Adjustment Payments	144	137	(7)
35	25	(10)	Adult Occupational Training Agreement	55	61	6
10	11	1	Language Programs	27	27	—
5	4	(1)	Health Resources Fund	7	7	—
5	8	3	Other Shared-Cost Programs	49	48	(1)
3	3	—	Annual Subsidies and Interest	6	6	—
582	625	43	TOTAL FEDERAL GOVERNMENT PAYMENTS	1,387	1,468	81
146	188	42	INTEREST ON INVESTMENTS	428	432	4
3,151	3,640	489	TOTAL BUDGETARY REVENUE	7,716	8,004	288

1. Net of tax credits—for 6 months ended September 30, 1974: \$304 million (1973: \$160 million). Revised estimate for 1974-75: \$378 million (\$375 million per Budget estimate).

budgetary expenditure 1974-75

table 3

Comparative Budget Performance			1974-75		
6 months 1973	6 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy:					
913	1,116	203	2,314	2,529	215
801	933	132	1,497	1,552	55
348	398	50	927	931	4
241	279	38	647	660	13
2,303	2,726	423	5,385	5,672	287
Sub-Total					
Resources Development Policy:					
294	326	32	794	809	15
66	72	6	172	179	7
32	37	5	105	107	2
19	21	2	65	66	1
12	14	2	30	32	2
5	6	1	14	14	—
—	1	1	2	3	1
428	477	49	1,182	1,210	28
Sub-Total					
Justice Policy:					
39	47	8	99	105	6
37	43	6	95	99	4
30	38	8	77	80	3
12	16	4	33	35	2
118	144	26	304	319	15
Sub-Total					
Other Ministries:					
89	150	61	358	357	(1)
81	121	40	225	223	(2)
22	43	21	110	122	12
15	20	5	83	81	(2)
7	9	2	20	20	—
214	343	129	796	803	7
277	280	3	674	685	11
—	—	—	—	64	64
3,340	3,970	630	8,341	8,753	412
TOTAL BUDGETARY EXPENDITURE					

non-budgetary receipts and credits 1974-75

table 4

Comparative Budget Performance			1974-75		
6 months 1973	6 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
REPAYMENTS OF LOANS AND ADVANCES					
21	23	2	46	46	—
8	9	1	21	21	—
—	—	—	133	151	18
7	—	(7)	1	1	—
—	—	—	18	12	(6)
5	1	(4)	15	15	—
5	—	(5)	13	13	—
3	4	1	9	9	—
—	—	—	8	8	—
2	4	2	5	5	—
—	—	—	4	5	1
2	—	(2)	4	4	—
1	1	—	3	3	—
4	1	(3)	3	3	—
58	43	(15)	283	296	13
Sub-Total			283	296	13
PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS					
35	37	2	142	142	—
52	61	9	21	23	2
3	5	2	13	14	1
—	3	3	7	9	2
90	106	16	183	188	5
31	—	(31)	25	25	—
179	149	(30)	491	509	18
TOTAL RECEIPTS AND CREDITS			491	509	18

non-budgetary disbursements and charges 1974-75

table 5

Comparative Budget Performance			1974-75			
6 months 1973	6 months 1974	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
35	51	16	LOANS AND ADVANCES:			
29	32	3	Water Treatment and Pollution Control Facilities	116	121	5
37	13	(24)	Education Capital Aid Corporation	80	88	8
7	—	(7)	Universities Capital Aid Corporation	38	39	1
			Ontario Mortgage Corporation	75	105	30
			Ontario (and Student) Housing Corporations:			
11	19	8	North Pickering Community	7	5	(2)
—	—	—	Housing Action Program	15	8	(7)
11	35	24	Regular Programs	46	46	—
10	17	7	Ontario Development Corporations	42	42	—
—	4	4	Federal-Provincial Winter Capital Projects Fund	35	25	(10)
13	18	5	Hospital Construction Loans and Assistance	28	28	—
—	—	—	Shoreline Property Assistance	10	1	(9)
3	4	1	Tile Drainage Debentures	5	12	7
2	3	1	Municipal Improvement Corporation	4	6	2
24	—	(24)	Ontario Northland Transportation Commission	—	7	7
18	2	(16)	Other	4	2	(2)
200	198	(2)	Sub-Total	505	535	30
			PENSION FUNDS, DEPOSIT, TRUST AND			
			RESERVE ACCOUNTS:			
16	20	4	Public Service Superannuation Fund	41	41	—
—	—	—	Municipal Employees' Retirement Fund	19	21	2
3	4	1	Motor Vehicle Accident Claims Fund	8	9	1
1	—	(1)	Other	1	1	—
20	24	4	Sub-Total	69	72	3
220	222	2	TOTAL DISBURSEMENTS AND CHARGES			
				574	607	33

Issued in January, July and October by the Taxation and Fiscal Policy Branch
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Ministry of Treasury
Economics and
Intergovernmental
Affairs

The Honourable John White minister
A. Rendall Dick deputy minister

ONTARIO FINANCES

January 31, 1975

Government
Publications

This is the third progress report on the performance of the 1974 Ontario Budget. It includes a comparison of the first nine months' results in the 1974 fiscal year with the same period in 1973.

The current outlook for 1974-75 shows a deficit from budgetary operations of \$792 million or \$167 million above the original Budget forecast. The non-budgetary deficit is also revised upwards to \$376 million, generating a level of net cash requirements of \$1,168 million. This projected cash deficit compares with the original estimates of \$708 million.

1974-75	Budgetary Deficit	Non-Budgetary Deficit	Net Cash Requirements
		(Millions of Dollars)	
Original Budget Estimate	625	83	708
Current Estimate	792	376	1,168
Increase	167	293	460

The revised budgetary deficit for 1974-75 largely reflects the impact of inflation on the Provincial Budget. Estimated operating expenditures have increased by \$483 million during the year, primarily as a result of higher wage and salary costs and increased transfer payments. Revenues on the other hand are up by \$316 million because of higher corporation profits and rising prices and incomes.

On the non-budgetary account, the increased deficit is the result of \$236 million in additional disbursements combined with a \$57 million drop in receipts. This higher level of disbursements reflects major additions to provincial capital investment in housing and land, and start-up funding for the Ontario Energy Corporation. The net reduction in receipts is due to a delay in anticipated recoveries from the federal government in respect of the North Pickering Community Development Project. Public debt reduction amounts to \$369 million, comprising \$90 million for the retirement of treasury bills, \$74 million for scheduled debenture maturities and \$205 million for early debt reduction.

For nine months ended December 31, 1974, revenue amounted to \$5,626 million or 16.9 per cent over the same period last year. Expenditure was \$6,274 million, for an increase of 18.7 per cent over the same period in 1973-74.

statement of cash requirements and related financing¹ 1974-75

table 1

Comparative Budget Performance			1974-75		
9 months 1973	9 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
4,814	5,626	812	BUDGETARY TRANSACTIONS		
5,287	6,274	987	Revenue (See Table 2)	7,716	8,032
473	648	175	Expenditure (See Table 3)	8,341	8,824
			Budgetary Deficit	625	792
			NON-BUDGETARY TRANSACTIONS		
193	170	(23)	Receipts and Credits (See Table 4)	491	434
341	436	95	Disbursements and Charges (See Table 5)	574	810
148	266	118	Non-Budgetary Deficit	83	376
621	914	293	NET CASH REQUIREMENTS	708	1,168
			FINANCING		
472	543	71	Non-Public Borrowing		
179	206	27	Canada Pension Plan	700	680
125	138	13	Teachers' Superannuation Fund	166	287
—	14	14	Municipal Employees' Retirement Fund	124	138
17	12	(5)	Federal-Provincial Winter Capital Projects Fund (Net)	45	33
(2)	(8)	(6)	CMHC Pollution Control Loans	17	19
791	905	114	Retirements	(8)	(10)
			Net Non-Public Borrowing	1,044	1,147
			Public Borrowing		
(65)	(90)	(25)	Treasury Bills (Net)	(25)	(90)
(54)	(45)	9	Public Debentures—Retirements	(74)	(74)
—	—	—	Other Debt Reduction	(350)	(205)
(119)	(135)	(16)	Net Public Borrowing	(449)	(369)
(51)	144	195	Reduction or (Increase) in Liquid Reserves	113	390
621	914	293	TOTAL FINANCING	708	1,168

1. Net cash requirements and total financing exclude the issue and retirement of public debentures by the Province on behalf of Ontario Hydro.

budgetary revenue 1974-75

table 2

Comparative Budget Performance
9 months 9 months Increase
1973 1974 (Decrease)
(Millions of Dollars)

1974-75
Budget Revised Increase
Estimate Estimate (Decrease)
(Millions of Dollars)

TAXATION

915	989	74	Personal Income Tax ¹	1,383	1,415	32
964	1,181	217	Retail Sales Tax	1,487	1,572	85
452	647	195 }	{ Corporation Income Tax	574	688	114
369	381	12	{ Capital and Premium Taxes	132	132	—
54	60	6	Gasoline Tax	510	505	(5)
35	41	6	Motor Vehicle Fuel Tax	75	80	5
—	—	—	Land Transfer Tax	120	51	(69)
72	79	7	Land Speculation Tax	25	—	(25)
2	11	9	Tobacco Tax	103	103	—
66	56	(10)	Mining Profits Tax	88	144	56
21	26	5	Succession Duty	75	75	—
—	—	—	Race Tracks Tax	32	33	1
1	1	—	Income Tax — Public Utilities	12	12	—
7	1	(6)	Share of Federal Estate Tax	—	1	1
2,958	3,473	515	Other Taxation	4	3	(1)
			TOTAL TAXATION REVENUE	4,620	4,814	194

OTHER REVENUE

371	396	25	Premiums—OHIP	535	545	10
49	71	22	Vehicle Registration Fees	192	192	—
71	69	(2)	Other Fees and Licences	92	90	(2)
165	195	30	LCBO Profits	312	327	15
18	23	5	Royalties	46	46	—
26	30	4	Fines and Penalties	38	38	—
21	22	1	Sales and Rentals	27	29	2
16	22	6	Water Treatment and Pollution Control Payments	21	21	—
18	24	6	Miscellaneous	18	28	10
755	852	97	TOTAL OTHER REVENUE	1,281	1,316	35

FEDERAL GOVERNMENT PAYMENTS

358	424	66	Hospital Insurance Agreement	585	651	66
187	212	25	Medical Care Agreement	278	275	(3)
118	175	57	Canada Assistance Plan	236	252	16
115	107	(8)	Post-Secondary Education Adjustment Payments	144	137	(7)
45	41	(4)	Adult Occupational Training Agreement	55	62	7
14	18	4	Language Programs	27	23	(4)
5	5	—	Health Resources Fund	7	7	—
12	22	10	Other Shared-Cost Programs	49	49	—
3	3	—	Annual Subsidies and Interest	6	6	—
857	1,007	150	TOTAL FEDERAL GOVERNMENT PAYMENTS	1,387	1,462	75

INTEREST ON INVESTMENTS

244	294	50		428	440	12
4,814	5,626	812	TOTAL BUDGETARY REVENUE	7,716	8,032	316

1 Net of tax credits—for 9 months ended December 31, 1974: \$304 million (1973: \$160 million) Revised estimate for 1974-75: \$378 million (\$375 million per Budget estimate)

budgetary expenditure 1974-75

table 3

Comparative Budget Performance			1974-75		
9 months 1973	9 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
1 415	1,761	346	2,314	2,528	214
1 211	1,338	127	1,497	1,604	107
539	618	79	927	934	7
385	451	66	647	683	36
3,550	4,168	618	5,385	5,749	364
Sub-Total					
Resources Development Policy					
454	536	82	794	800	6
106	126	20	172	185	13
50	57	7	105	114	9
37	34	4	65	64	(1)
18	22	4	30	33	3
6	10	4	14	15	1
1	2	1	2	2	—
100	100	0	1,182	1,213	31
Sub-Total					
Justice Policy					
63	75	12	99	105	6
6	20	14	95	101	6
47	60	13	77	82	5
19	24	5	33	35	2
169	227	58	304	323	19
Sub-Total					
Other Ministries					
251	304	53	358	336	(22)
128	179	51	225	277	52
37	82	45	110	123	13
8	31	23	83	75	(8)
12	14	2	20	20	—
436	610	174	796	831	35
445	482	37	674	682	8
5,287	6,274	987	8,341	8,824	483
TOTAL BUDGETARY EXPENDITURE					

non-budgetary receipts and credits 1974-75

table 4

Comparative Budget Performance			1974-75		
9 months 1973	9 months 1974	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
REPAYMENTS OF LOANS AND ADVANCES					
34	37	3	46	46	—
13	14	1	21	21	—
7	—	(7)	133	—	(133)
—	—	—	1	1	—
7	2	(5)	18	5	(13)
11	6	(5)	15	13	(2)
4	5	1	13	13	—
—	—	—	9	7	(2)
3	15	12	8	12	4
3	3	—	5	17	12
2	3	1	4	5	1
3	3	—	4	4	—
15	4	(11)	3	3	—
102	92	(10)	3	4	1

non-budgetary disbursements and charges 1974-75

table 5

Comparative Budget Performance			1974-75			
9 months 1973	9 months 1974	Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
<u>LOANS AND ADVANCES:</u>						
59	81	22	Water Treatment and Pollution Control Facilities	116	127	11
54	62	8	Education Capital Aid Corporation	80	88	8
48	21	(27)	Universities Capital Aid Corporation	38	39	1
19	44	25	Ontario Mortgage Corporation	75	133	58
			Ontario (and Student) Housing Corporations:			
13	24	11	North Pickering Community	7	52	45
—	2	2	Housing Action Program	15	8	(7)
—	53	53	Regular Programs	46	59	13
19	31	12	Ontario Development Corporations	42	45	3
—	11	11	Federal-Provincial Winter Capital Projects Fund	35	25	(10)
21	25	4	Hospital Construction Loans and Assistance	28	28	—
—	—	—	Shoreline Property Assistance	10	—	(10)
6	9	3	Tile Drainage Debentures	5	12	7
3	5	2	Municipal Improvement Corporation	4	11	7
24	7	(17)	Ontario Northland Transportation Commission	—	7	7
—	—	—	Ontario Energy Corporation	—	100	100
23	2	(21)	Other	4	4	—
289	377	88	Sub-Total	505	738	233
<u>PENSION FUNDS, DEPOSIT, TRUST AND</u>						
<u>RESERVE ACCOUNTS:</u>						
27	31	4	Public Service Superannuation Fund	41	41	—
19	20	1	Municipal Employees' Retirement Fund	19	20	1
5	7	2	Motor Vehicle Accident Claims Fund	8	9	1
1	1	—	Other	1	2	1
52	59	7	Sub-Total	69	72	3
341	436	95	<u>TOTAL DISBURSEMENTS AND CHARGES</u>	574	810	236

Issued in January, July and October by the Taxation and Fiscal Policy Branch
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Ministry of Treasury
Economics and
Intergovernmental
Affairs

The Honourable W. Darcy McKeough minister
A. Rendall Dick deputy minister



SEPTEMBER 30, 1975

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Ontario finances

This is the second progress report on the 1975 Ontario Budget. It includes a comparison of the first six months' results in the 1975-76 fiscal year with the same period in 1974-75. The "Supplementary Actions to the 1975 Ontario Budget", tabled on July 7, 1975, was the first progress report.

The current outlook for 1975-76 indicates a deficit from budgetary operations of \$1,496 million. The non-budgetary deficit is revised downwards to \$416 million, generating a level of net cash requirements of \$1,912 million. Internal pension funds will generate \$1,157 million this year and treasury bill proceeds will yield \$325 million, leaving a balance of \$430 million to be financed from liquid reserves and borrowing in the public sector.

1975-76	Budgetary Deficit	Non-Budgetary Deficit	Net Cash Requirements
(Millions of Dollars)			
Original Budget Estimate	1,215	454	1,669
Current Estimate	1,496	416	1,912
Increase	281	(38)	243

The revised budgetary deficit for 1975-76 largely reflects the impact of inflation on the Provincial Budget. Estimated operating expenditures are revised upwards by \$345 million, primarily the result of increased transfer payments in the health, education and welfare areas, plus higher wage and salary costs generally across the Government. The greater than anticipated success of the Government's economic initiatives such as Home Buyers grants and car rebates has also increased the deficit.

Budgetary revenues are now estimated to be \$64 million over the original budget. Federal payments under various shared-cost programs have risen in line with the increased spending in this area. Taxation revenues on the other hand are down modestly from the original estimate reflecting the decline in metal prices and slower than anticipated economic recovery. The revised outlook for revenues is within seven-tenths of one per cent of the original Budget estimate.

On the non-budgetary account, the decreased deficit of \$38 million is the result of \$47 million in increased receipts, less \$9 million in additional disbursements. The revised receipt estimate includes increased Province of Ontario Savings Office deposits of \$21 million and larger inflows into the Public Service Superannuation Fund. The largest increase on the disbursement side is an additional \$11 million outflow from the Ontario Energy Corporation Trust Account for the Syncrude and Polar Gas projects.

To date, the Province has obtained \$355 million in public borrowing comprising \$205 million in treasury bill issues and a \$150 million debenture placement.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1975-76

TABLE 1

Comparative Budget Performance			1975-76			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1974	1975					
(Millions of Dollars)			(Millions of Dollars)			
BUDGETARY TRANSACTIONS						
3,596	4,104	508	Revenue (See Table 2)	8,977	9,041	64
3,940	5,084	1,144	Expenditure (See Table 3)	10,192	10,537	345
344	980	636	Budgetary Deficit	1,215	1,496	281
NON-BUDGETARY TRANSACTIONS						
93	223	130	Receipts and Credits (See Table 4)	382	429	47
213	264	51	Disbursements and Charges (See Table 5)	836	845	9
120	41	(79)	Non-Budgetary Deficit	454	416	(38)
464	1,021	557	NET CASH REQUIREMENTS	1,669	1,912	243
FINANCING						
Non-Public Borrowing						
406	465	59	Canada Pension Plan	750	750	—
89	50	(39)	Teachers' Superannuation Fund	201	218	17
61	83	22	Municipal Employees' Retirement Fund	128	143	15
			Federal-Provincial Winter Capital			
4	14	10	Projects Fund (Net)	33	33	—
5	13	8	CMHC Pollution Control Loans	19	19	—
(2)	(2)	—	Retirements	(6)	(6)	—
563	623	60	Net Non-Public Borrowing	1,125	1,157	32
Public Borrowing						
(90)	205	295	Treasury Bills — Net	—	325	325
(215)	124	339	Public Debentures — Net	(31)	119	150
(305)	329	634	Net Public Borrowing	(31)	444	475
206	69	(137)	Reduction in Liquid Reserves	575	311	(264)
464	1,021	557	TOTAL FINANCING	1,669	1,912	243

**BUDGETARY
REVENUE 1975-76**

TABLE 2

Comparative Budget Performance				1975-76		
6 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1974	1975					
(Millions of Dollars)			TAXATION	(Millions of Dollars)		
546	644	98	Personal Income Tax (Net of credits)	1,694	1,674	(20)
22	180	158	Revenue Guarantee	330	330	—
489	587	98	{ Corporation Income Tax	877	897	20
			{ Capital and Premium Taxes	160	160	—
775	649	(126)	Retail Sales Tax	1,343	1,305	(38)
258	260	2	Gasoline Tax	510	495	(15)
40	37	(3)	Motor Vehicle Fuel Tax	71	68	(3)
11	3	(8)	Mining Profits Tax	130	100	(30)
49	51	2	Tobacco Tax	106	106	—
37	36	(1)	Succession Duty	67	67	—
32	22	(10)	Land Transfer Tax	55	55	—
—	1	1	Land Speculation Tax	1	2	1
16	18	2	Race Tracks Tax	37	37	—
—	—	—	Income Tax — Public Utilities	8	8	—
1	(1)	(2)	Share of Federal Estate Tax	1	(1)	(2)
1	1	—	Other Taxation	4	4	—
<u>2,277</u>	<u>2,488</u>	<u>211</u>	Total Taxation Revenue	<u>5,394</u>	<u>5,307</u>	<u>(87)</u>
			OTHER REVENUE			
256	270	14	Premiums — OHIP	564	564	—
116	136	20	LCBO Profits	355	351	(4)
57	72	15	Vehicle Registration Fees	209	209	—
47	43	(4)	Other Fees and Licences	91	94	3
19	22	3	Fines and Penalties	45	48	3
15	19	4	Sales and Rentals	32	38	6
13	20	7	Royalties	42	42	—
			Water Treatment and Pollution Control			
14	16	2	Payments	28	28	—
—	10	10	Ontario Lottery	20	28	8
16	18	2	Miscellaneous	30	41	11
<u>553</u>	<u>626</u>	<u>73</u>	Total Other Revenue	<u>1,416</u>	<u>1,443</u>	<u>27</u>
			FEDERAL GOVERNMENT PAYMENTS			
257	359	102	Hospital Insurance Agreement	724	821	97
137	146	9	Medical Care Agreement	309	288	(21)
107	191	84	Canada Assistance Plan	401	431	30
71	84	13	Post-Secondary Education Payments	170	165	(5)
25	34	9	Adult Occupational Training Agreement	71	71	—
3	4	1	Economic Development Agreements	33	28	(5)
13	14	1	Language Programs	28	28	—
2	3	1	Vocational Rehabilitation Agreement	12	12	—
—	3	3	Transit Agreements	10	8	(2)
9	12	3	Other Federal Payments	50	43	(7)
<u>624</u>	<u>850</u>	<u>226</u>	Total Federal Government Payments	<u>1,808</u>	<u>1,895</u>	<u>87</u>
<u>142</u>	<u>140</u>	<u>(2)</u>	Interest on Investments	<u>359</u>	<u>396</u>	<u>37</u>
<u>3,596</u>	<u>4,104</u>	<u>508</u>	TOTAL BUDGETARY REVENUE	<u>8,977</u>	<u>9,041</u>	<u>64</u>

BUDGETARY EXPENDITURE 1975-76

TABLE 3

Comparative Budget Performance			1975-76		
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1974	1975				
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
1,116	1,371	255	2,885	2,988	103
933	1,109	176	1,710	1,781	71
367	424	57	1,019	1,027	8
276	382	106	855	895	40
42	56	14	122	126	4
2,734	3,342	608	6,591	6,817	226
Resources Development Policy					
327	461	134	954	962	8
70	115	45	211	214	3
37	45	8	143	143	—
21	31	10	83	79	(4)
14	18	4	43	43	—
6	7	1	19	18	(1)
1	1	—	3	3	—
476	678	202	1,456	1,462	6
Justice Policy					
46	55	9	117	126	9
43	54	11	117	118	1
38	47	9	96	100	4
16	18	2	41	41	—
143	174	31	371	385	14
Other Ministries					
150	313	163	429	439	10
121	128	7	295	286	(9)
43	71	28	168	178	10
20	66	46	181	203	22
9	18	9	25	37	12
343	596	253	1,098	1,143	45
244	294	50	676	710	34
—	—	—	—	68	68
—	—	—	—	(48)	(48)
3,940	5,084	1,144	10,192	10,537	345
TOTAL BUDGETARY EXPENDITURE					

NON-BUDGETARY RECEIPTS
AND CREDITS 1975-76

TABLE 4

Comparative Budget Performance			1975-76		
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1974	1975				
(Millions of Dollars)			(Millions of Dollars)		
REPAYMENTS OF LOANS & ADVANCES					
23	25	2	51	51	—
9	15	6	22	22	—
—	—	—	1	1	—
1	7	6	15	15	—
—	9	9	19	19	—
4	4	—	10	10	—
—	—	—	19	19	—
4	5	1	8	9	1
—	—	—	5	5	—
2	2	—	5	5	—
1	1	—	5	5	—
—	4	4	—	4	4
—	5	5	—	5	5
1	5	4	7	8	1
45	82	37	167	178	11
PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS					
40	39	(1)	166	176	10
5	6	1	18	18	—
3	8	5	10	15	5
48	53	5	194	209	15
Province of Ontario Savings Deposits (Net)					
—	88	88	21	42	21
93	223	130	382	429	47
TOTAL RECEIPTS AND CREDITS					

NON-BUDGETARY DISBURSEMENTS AND CHARGES 1975-76

TABLE 5

Comparative Budget Performance			1975-76			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1974	1975					
(Millions of Dollars)			(Millions of Dollars)			
LOANS AND ADVANCES						
50	50	—	Water Treatment and Pollution Control Facilities	138	138	—
—	—	—	Waste Utilization Facilities	10	8	(2)
32	33	1	Education Capital Aid Corporation	92	92	—
14	9	(5)	Universities Capital Aid Corporation	42	42	—
—	41	41	Ontario Mortgage Corporation	208	213	5
			Ontario (and Student) Housing Corporations:			
10	—	(10)	North Pickering Community Housing Action Program	—	—	—
—	11	11	Regular Programs	28	28	—
35	12	(23)	Ontario Development Corporations	67	67	—
16	28	12	Federal Provincial Winter Capital Projects Fund	77	70	(7)
4	15	11	Hospital Construction Loans and Assistance	30	30	—
18	11	(7)	Tile Drainage Debentures	29	29	—
4	6	2	Municipal Improvement Corporation	13	16	3
3	2	(1)	Algonquin Forestry Authority	11	11	—
—	1	1	Other	6	1	(5)
2	1	(1)		1	1	—
188	220	32	Sub-Total	752	746	(6)
PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS						
20	22	2	Public Service Superannuation Fund	47	47	—
4	5	1	Motor Vehicle Accident Claims Fund	11	11	—
—	12	12	Ontario Energy Corporation	25	36	11
1	5	4	Other	1	5	4
25	44	19	Sub-Total	84	99	15
TOTAL DISBURSEMENTS AND CHARGES						
213	264	51		836	845	9



DECEMBER 31, 1975

Ontario finances

This is the third progress report on the performance of the 1975 Ontario Budget and subsequent "Supplementary Actions". It includes a comparison of the first nine months' results in the 1975-76 fiscal year (i.e. April 1 to December 31) with the results for the same period in 1974-75.

Net cash requirements for 1975-76 are now projected at \$1,976 million, up \$64 million from the September report and \$307 million higher than forecast in the original budget. Internal pension funds will generate \$1,225 million this year, while net proceeds from treasury bills and debenture issues will yield a further \$594 million, leaving a balance of \$157 million to be financed from liquid reserves.

1975-76	Total Expenditure	Total Revenue	Net Cash Requirements
(Millions of Dollars)			
Original Budget	11,028	9,359	1,669
September 30 Estimate	11,382	9,470	1,912
Current Estimate	11,381	9,405	1,976
Increase or (Decrease) since September 30	(1)	(65)	64

Total expenditures are unchanged from the level estimated in the September report as increased third quarter spending mainly in health, welfare, education and transportation was offset by the griping in of the Government's anti-inflationary measures.

Of the internal cost reduction target of \$178 million announced in the "Supplementary Actions", \$142 million in cuts and postponements has already been achieved by Ministries. As a further cost-cutting measure, the Government has embargoed an additional \$98 million in unspent funds.

Since the last report, total revenues have been revised downwards by \$65 million. With expenditures levelling off in the third quarter, the \$64 million deterioration in net cash requirements since September is solely explained by the projected revenue shortfall.

Taxation revenues are down, particularly in personal income tax and mining profits tax. Higher refunds under the Ontario Tax credit system and a downward revision by Ottawa of Ontario's share of the personal income tax base have reduced the estimated yield from this source by \$120 million. Weak world demand for metals, accumulation of inventories, and resulting low metal prices in 1975 have reduced the forecast for mining profits tax by \$76 million. Federal government payments on the other hand have increased by \$89 million reflecting increased spending in health and welfare areas.

An increase of \$88 million in receipts together with a decrease of \$28 million in disbursements accounts for the lower deficit from non-budgetary transactions. The revised estimate of receipts of \$470 million includes additional net deposits of \$24 million with the Province of Ontario Savings Office. Larger inflows into the Public Service Superannuation Fund reflect an accounting change and increased interest revenue, while new inflows into the Superannuation Adjustment Funds represent a 2% escalation in contributions, to provide for pension adjustments geared to the Consumer Price Index with a ceiling of 8 per cent per annum.

To date, the Province has obtained \$560 million in public borrowing comprising \$260 million in treasury bill issues and \$300 million in debenture placements.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

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**STATEMENT OF CASH REQUIREMENTS
AND RELATED FINANCING 1975-76**

TABLE 1

Comparative Budget Performance			1975-76		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1974	1975				
(Millions of Dollars)			(Millions of Dollars)		
5,566	6,233	667	BUDGETARY TRANSACTIONS		
6,216	7,684	1,468	Revenue (See Table 2)	8,977	8,935 (42)
650	1,451	801	Expenditure (See Table 3)	10,192	10,573 381
			Budgetary Deficit	1,215	1,638 423
			NON-BUDGETARY TRANSACTIONS		
170	266	96	Receipts and Credits (See Table 4)	382	470 88
401	475	74	Disbursements and Charges (See Table 5)	836	808 (28)
231	209	(22)	Non-Budgetary Deficit	454	338 (116)
881	1,660	779	NET CASH REQUIREMENTS	1,669	1,976 307
			FINANCING		
			Non-Public Borrowing		
543	603	60	Canada Pension Plan	750	790 40
205	170	(35)	Teachers' Superannuation Fund	201	211 10
118	141	23	Municipal Employees' Retirement Fund	128	144 16
			Federal-Provincial Winter Capital		
14	25	11	Projects Fund (Net)	33	65 32
12	17	5	CMHC Pollution Control Loans	19	21 2
(8)	(3)	5	Retirements	(6)	(6) —
884	953	69	Net Non-Public Borrowing	1,125	1,225 100
			Public Borrowing		
(90)	260	350	Treasury Bills — Net	—	325 325
(54)	274	328	Public Debentures — Net	(31)	269 300
(144)	534	678	Net Public Borrowing	(31)	594 625
141	173	32	Reduction in Liquid Reserves	575	157 (418)
881	1,660	779	TOTAL FINANCING	1,669	1,976 307

BUDGETARY
REVENUE 1975-76

TABLE 2

Comparative Budget Performance			1975-76			
9 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1974	1975					
(Millions of Dollars)			TAXATION	(Millions of Dollars)		
969	1,120	151	Personal Income Tax (Net of credits)	1,694	1,574	(120)
22	255	233	Revenue Guarantee	330	330	—
646	753	107	{ Corporation Income Tax	877	917	40
			{ Capital and Premium Taxes	160	160	—
1,181	940	(241)	Retail Sales Tax	1,343	1,310	(33)
382	392	10	Gasoline Tax	510	505	(5)
61	56	(5)	Motor Vehicle Fuel Tax	71	71	—
11	3	(8)	Mining Profits Tax	130	54	(76)
79	77	(2)	Tobacco Tax	106	104	(2)
55	47	(8)	Succession Duty	67	67	—
41	36	(5)	Land Transfer Tax	55	55	—
—	2	2	Land Speculation Tax	1	3	2
26	29	3	Race Tracks Tax	37	38	1
—	—	—	Income Tax — Public Utilities	8	8	—
1	(1)	(2)	Share of Federal Estate Tax	1	(1)	(2)
1	2	1	Other Taxation	4	4	—
3,475	3,711	236	Total Taxation Revenue	5,394	5,199	(195)
			OTHER REVENUE			
396	386	(10)	Premiums — OHIP	564	564	—
195	223	28	LCBO Profits	355	345	(10)
71	89	18	Vehicle Registration Fees	209	209	—
69	70	1	Other Fees and Licences	91	100	9
30	33	3	Fines and Penalties	45	48	3
22	28	6	Sales and Rentals	32	37	5
23	28	5	Royalties	42	42	—
			Water Treatment and Pollution Control			
22	29	7	Payments	28	28	—
—	23	23	Ontario Lottery	20	28	8
33	30	(3)	Miscellaneous	30	48	18
861	939	78	Total Other Revenue	1,416	1,449	33
			FEDERAL GOVERNMENT PAYMENTS			
424	567	143	Hospital Insurance Agreement	724	821	97
212	220	8	Medical Care Agreement	309	288	(21)
175	306	131	Canada Assistance Plan	401	437	36
107	124	17	Post-Secondary Education Payments	170	165	(5)
41	53	12	Adult Occupational Training Agreement	71	71	—
5	9	4	Economic Development Agreements	33	28	(5)
20	20	—	Language Programs	28	27	(1)
2	5	3	Vocational Rehabilitation Agreement	12	12	—
—	4	4	Transit Agreements	10	8	(2)
21	17	(4)	Other Federal Payments	50	40	(10)
1,007	1,325	318	Total Federal Government Payments	1,808	1,897	89
223	258	35	Interest on Investments	359	390	31
5,566	6,233	667	TOTAL BUDGETARY REVENUE	8,977	8,935	(42)

BUDGETARY EXPENDITURE 1975-76

TABLE 3

Comparative Budget Performance			1975-76		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1974	1975				
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
1,761	2,107	346	2,885	2,997	112
1,338	1,602	264	1,710	1,760	50
576	670	94	1,019	1,026	7
450	596	146	855	898	43
56	77	21	122	126	4
4,181	5,052	871	6,591	6,807	216
Resources Development Policy					
538	676	138	954	985	31
126	159	33	211	212	1
57	89	32	143	146	3
34	50	16	83	77	(6)
22	28	6	43	48	5
10	12	2	19	18	(1)
1	2	1	3	4	1
788	1,016	228	1,456	1,490	34
Justice Policy					
73	88	15	117	129	12
68	86	18	117	123	6
60	72	12	96	103	7
25	28	3	41	41	—
226	274	48	371	396	25
Other Ministries					
304	379	75	429	430	1
179	187	8	295	265	(30)
82	122	40	168	179	11
30	118	88	181	198	17
15	30	15	25	42	17
610	836	226	1,098	1,114	16
411	506	95	676	722	46
—	—	—	—	44	44
6,216	7,684	1,468	10,192	10,573	381
TOTAL BUDGETARY EXPENDITURE					

**NON-BUDGETARY RECEIPTS
AND CREDITS 1975-76**

TABLE 4

Comparative Budget Performance			1975-76		
9 Months		Increase	Budget	Revised	Increase
1974	1975	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
REPAYMENTS OF LOANS & ADVANCES					
37	41	4	51	51	—
14	15	1	22	22	—
—	—	—	1	1	—
2	8	6	15	15	—
6	9	3	19	19	—
5	8	3	10	14	4
—	11	11	19	19	—
15	7	(8)	8	9	1
3	3	—	5	5	—
3	3	—	5	5	—
3	4	1	5	5	—
—	4	4	—	3	3
—	5	5	—	5	5
3	9	6	7	9	2
91	127	36	167	182	15
PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS					
65	69	4	166	188	22
7	8	1	18	18	—
—	3	3	—	24	24
6	9	3	10	13	3
78	89	11	194	243	49
Province of Ontario Savings Deposits (Net)			21	45	24
1	50	49	382	470	88
170	266	96			

NON-BUDGETARY DISBURSEMENTS AND CHARGES 1975-76

TABLE 5

Comparative Budget Performance			1975-76			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1974	1975					
(Millions of Dollars)			(Millions of Dollars)			
LOANS AND ADVANCES						
81	99	18	Water Treatment and Pollution Control Facilities	138	142	4
—	2	2	Waste Utilization Facilities	10	6	(4)
62	59	(3)	Education Capital Aid Corporation	92	92	—
21	22	1	Universities Capital Aid Corporation	42	42	—
44	90	46	Ontario Mortgage Corporation	208	178	(30)
			Ontario (and Student) Housing Corporations:			
10	—	(10)	North Pickering Community	—	—	—
53	23	(30)	Regular Programs	67	56	(11)
2	11	9	Ontario Housing Action Program	28	29	1
31	42	11	Ontario Development Corporations	77	60	(17)
			Federal Provincial Winter Capital Projects Fund	30	33	3
10	19	9	Hospital Construction Loans and Assistance	29	29	—
25	20	(5)	Tile Drainage Debentures	13	16	3
9	12	3	Municipal Improvement Corporation	11	10	(1)
5	5	—	Algonquin Forestry Authority	6	1	(5)
—	1	1	Ontario Northland Transportation Commission	—	—	—
7	—	(7)	Other	1	4	3
2	2	—	Sub-Total	752	698	(54)
362	407	45				
PENSION FUNDS, DEPOSIT, TRUST AND RESERVE ACCOUNTS						
31	35	4	Public Service Superannuation Fund	47	57	10
7	8	1	Motor Vehicle Accident Claims Fund	11	13	2
—	21	21	Ontario Energy Corporation	25	36	11
1	4	3	Other	1	4	3
39	68	29	Sub-Total	84	110	26
TOTAL DISBURSEMENTS AND CHARGES						
401	475	74		836	808	(28)



JUNE 30, 1976

CAZ ON TR
-052



Ontario finances

This is the first progress report on the performance of the 1976 Ontario Budget. It includes a comparison of this year's first quarter results with the results for the same period in 1975-76.

Based on first quarter results the 1976 Budget is on target. The current outlook for total cash requirements is \$1,234 million, or \$4 million above the original budget forecast. Despite continuing pressure on the expenditure side, the Government has held to its spending control target. The measures announced in the 1976 Budget to prevent in-year deterioration of expenditure levels have been put in place and are working.

1976-77	Total Spending	Total Revenue	Net Cash Requirements
(Millions of Dollars)			
Original Budget Estimate	12,576	11,346	1,230
Current Estimate	12,581	11,347	1,234
Increase	5	1	4

To date, \$140 million in potential spending overruns have been identified, largely originating in the health area. The Ministry of Health may require \$86 million over its original estimate for the operation of public hospitals, nursing homes and for swine flu immunization. However, to provide flexibility for dealing with these expenditure pressure points, the Management Board has constrained \$135 million in spending on both budgetary and non-budgetary accounts, generated through the new expenditure control system.

Total revenues stand virtually unchanged from the original budget forecast. The largest change in the budgetary account is a reduction of \$39 million in post-secondary payments from the federal government. This holdback on shared-cost entitlements forms part of the federal restraint program and will adversely affect the revenues of all provinces. Upward revisions in the estimates for the revenue guarantee, interest on investments and non-budgetary receipts cover this reduction in post-secondary payments.

As stated in the 1976 Budget, the Province will require no new net public borrowing in 1976-77. Total cash requirements of \$1,234 million can be generated entirely from internal sources. However, the Province may lengthen the maturity of its obligations by replacing Treasury Bill proceeds with a long-term public bond issue.

For the first three months ended June 30, 1976 budgetary revenue amounted to \$2,134 million or 11.9 per cent over the same period last year. Budgetary expenditure was \$2,825 million, for an increase of 18.5 per cent over the same period in 1975-76.

On the revenue side, overall inflows are on target. Revenue yields from the Budget tax moves are expected to be fully reflected in the second quarter. The high growth rate in expenditure is mainly due to a speed-up of cash flows to municipalities and school boards. The expenditure growth rate is projected to decline in the second quarter of 1976-77.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1976-77

TABLE 1

Comparative Budget Performance			1976-77		
3 Months 1975	1976	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
1,907	2,134	227	Revenue (Table 2)	10,814	10,797 (17)
2,383	2,825	442	Expenditure (Table 3)	11,791	11,837 46
476	691	215	Budgetary Deficit	977	1,040 63
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
30	36	6	Receipts	185	202 17
69	94	25	Disbursements	680	636 (44)
39	58	19	Net Increase in Lending Activity	495	434 (61)
Special Purpose Accounts (Table 5)					
108	95	(13)	Credits	347	348 1
21	28	7	Charges	105	108 3
(87)	(67)	20	Net Increase in Special Purpose Accounts	(242)	(240) 2
(48)	(9)	39	Non-Budgetary Transactions (Net)	253	194 (59)
428	682	254	NET CASH REQUIREMENTS	1,230	1,234 4
FINANCING					
Non-Public Borrowing					
266	280	14	Canada Pension Plan	850	850 —
50	59	9	Teachers' Superannuation Fund	211	230 19
54	59	5	Municipal Employees' Retirement Fund	180	180 —
13	—	(13)	Winter Capital Projects Fund	—	— —
6	8	2	CMHC Pollution Control Loans	34	34 —
—	(3)	(3)	Retirements	(29)	(29) —
389	403	14	Net Non-Public Borrowing	1,246	1,265 19
Public Borrowing					
—	—	—	Treasury Bills — Net	—	— —
—	—	—	Public Debentures — Net	(37)	(37) —
—	—	—	Net Public Borrowing	(37)	(37) —
39	279	240	Reduction in Liquid Reserves	21	6 (15)
428	682	254	TOTAL FINANCING	1,230	1,234 4

BUDGETARY REVENUE 1976-77

TABLE 2

Comparative Budget Performance				1976-77		
3 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976					
(Millions of Dollars)				(Millions of Dollars)		
TAXATION						
233	376	143	Personal Income Tax (Net of credits)	1,954	1,930	(24)
179	145	(34)	Revenue Guarantee	371	399	28
211	196	(15)	Corporation Income Tax	935	935	—
340	416	76	Capital and Premium Taxes	193	193	—
122	124	2	Retail Sales Tax	1,917	1,907	(10)
18	19	1	Gasoline Tax	530	525	(5)
1	—	(1)	Motor Vehicle Fuel Tax	85	85	—
22	33	11	Mining Profits Tax	100	100	—
20	14	(6)	Tobacco Tax	152	152	—
7	8	1	Succession Duty	62	62	—
—	1	1	Land Transfer Tax	60	60	—
8	9	1	Land Speculation Tax	4	5	1
—	—	—	Race Tracks Tax	44	44	—
—	—	—	Income Tax — Public Utilities	7	7	—
—	—	—	Other Taxation	4	3	(1)
1,161	1,341	180	Total Taxation Revenue	6,418	6,407	(11)
OTHER REVENUE						
130	141	11	Premiums — OHIP	790	790	—
57	55	(2)	LCBO Profits	399	399	—
54	42	(12)	Vehicle Registration Fees	221	221	—
26	24	(2)	Other Fees and Licences	130	133	3
—	18	18	Ontario Lottery Profits	60	64	4
10	11	1	Fines and Penalties	55	55	—
14	10	(4)	Royalties	45	45	—
6	8	2	Sales and Rentals	35	35	—
8	9	1	Utility Service Charges	32	32	—
10	8	(2)	Miscellaneous	43	43	—
315	326	11	Total Other Revenue	1,810	1,817	7
FEDERAL GOVERNMENT PAYMENTS						
139	155	16	Hospital Insurance	988	988	—
69	83	14	Canada Assistance Plan	447	448	1
73	80	7	Medical Care	344	346	2
43	38	(5)	Post-Secondary Education Payments	191	152	(39)
13	15	2	Adult Occupational Training	80	81	1
13	9	(4)	Bilingualism Development	30	33	3
1	1	—	Economic Development	24	24	—
16	3	(13)	Rehabilitation of Offenders	17	17	—
—	—	—	Vocational Rehabilitation	12	12	—
3	—	(3)	Transit	1	1	—
1	5	4	Other Federal Payments	37	39	2
371	389	18	Total Federal Government Payments	2,171	2,141	(30)
60	78	18	Interest on Investments	415	432	17
1,907	2,134	227	TOTAL BUDGETARY REVENUE	10,814	10,797	(17)

**BUDGETARY
EXPENDITURE 1976-77**

TABLE 3

Comparative Budget Performance			1976-77		
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976				
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
636	724	88	3,343	3,429	86
587	743	156	1,970	1,970	—
183	212	29	1,168	1,168	—
158	182	24	985	953	(32)
23	35	12	144	144	—
1,587	1,896	309	7,610	7,664	54
Resources Development Policy					
173	177	4	985	982	(3)
52	52	—	212	216	4
21	30	9	171	170	(1)
21	22	1	158	143	(15)
12	19	7	97	98	1
8	10	2	63	63	—
3	3	—	19	19	—
1	1	—	4	4	—
291	314	23	1,709	1,695	(14)
Justice Policy					
22	27	5	129	129	—
25	26	1	128	130	2
22	26	4	112	110	(2)
7	10	3	64	64	—
76	89	13	433	433	—
Other Ministries					
147	177	30	464	458	(6)
66	85	19	291	283	(8)
35	41	6	209	206	(3)
5	9	4	34	35	1
253	312	59	998	982	(16)
176	214	38	870	899	29
—	—	—	171	164	(7)
2,383	2,825	442	11,791	11,837	46
TOTAL BUDGETARY EXPENDITURE					

NON-BUDGETARY
TRANSACTIONS 1976-77

TABLE 4

Comparative Budget Performance			1976-77			
3 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
9	10	1	Education Capital Aid Corporation	52	56	4
4	4	—	Universities Capital Aid Corporation	23	24	1
3	4	1	Investments in Water Treatment and Pollution Control Facilities	19	19	—
—	—	—	Ontario Mortgage Corporation	18	18	—
2	3	1	Ontario Development Corporations	17	17	—
—	—	—	Loans to Public Hospitals	16	16	—
3	4	1	Nuclear Power Generating Station	9	16	7
—	1	1	Tile Drainage Debentures	6	6	—
1	1	—	Municipal Works Assistance	5	5	—
—	—	—	Municipal Improvement Corporation	5	6	1
4	4	—	Ontario Junior Farmers	4	4	—
—	—	—	Ontario Housing Corporations	3	3	—
4	5	1	Other	8	12	4
30	36	6	Sub-Total	185	202	17
DISBURSEMENTS						
Loans and Investments						
(3)	25	28	Ontario Mortgage Corporation	221	196	(25)
17	30	13	Investments in Water Treatment and Pollution Control Facilities	143	144	1
9	12	3	Education Capital Aid Corporation	83	78	(5)
12	9	(3)	Ontario Development Corporations	49	44	(5)
—	4	4	Ontario Housing Corporations	47	38	(9)
6	8	2	Universities Capital Aid Corporation	38	32	(6)
7	—	(7)	Ontario Housing Action Program	34	34	—
7	3	(4)	Loans to Public Hospitals	32	29	(3)
—	1	1	Tile Drainage Debentures	13	17	4
13	1	(12)	Winter Capital Projects	10	10	—
1	1	—	Municipal Improvement Corporation	8	8	—
—	—	—	Other	2	6	4
69	94	25	Sub-Total	680	636	(44)
39	58	19	NET INCREASE IN LENDING ACTIVITY	495	434	(61)

**NON-BUDGETARY
TRANSACTIONS 1976-77**

TABLE 5

Comparative Budget Performance			1976-77			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
13	31	18	Public Service Superannuation Fund	223	223	—
—	5	5	Teachers' Superannuation Adjustment Fund	39	39	—
90	19	(71)	Province of Ontario Savings Deposits (Net)	31	31	—
—	1	1	Public Service Superannuation Adjustment Fund	21	21	—
2	2	—	Motor Vehicle Accident Claims Fund	21	21	—
3	37	34	Other	12	13	1
108	95	(13)	Sub-Total	347	348	1
CHARGES						
Payments from Special Purpose Accounts						
11	12	1	Public Service Superannuation Fund	52	52	—
6	12	6	Ontario Energy Corporation	37	37	—
3	3	—	Motor Vehicle Accident Claims Fund	13	13	—
1	1	—	Other	3	6	3
21	28	7	Sub-Total	105	108	3
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
87	67	(20)		242	240	(2)



SEPTEMBER 30, 1976

GOVERNMENT
PUBLICATIONS

CAZON TR

-052



Ontario finances

This is the second progress report on the performance of the 1976 Ontario Budget. It includes a comparison of the first six months' results in the 1976-77 fiscal year with the same period in 1975-76.

Ontario's 1976 Budget remains on target. Based on the results for the first half of the year, the revised outlook for cash requirements is \$1,237 million, or only \$7 million above the original budget plan.

	1975-76 Actual Results	1976-77 Budget Plan	1976-77 Revised Outlook	Increase Over Budget Plan	1975-76 Revised Outlook
	(Millions of Dollars)			%	%
Revenues	9,520	11,346	11,389	19.2	19.6
Expenditures	11,319	12,576	12,626	11.1	11.5
Net Cash Requirements	1,799	1,230	1,237		

- The current expenditure trend is \$50 million over budget. Gross spending overruns of \$193 million have been largely met by offsetting Government actions to constrain spending, totalling \$143 million.
- The target expenditure growth rate for 1976-77 of 10.4 per cent now translates into 11.1 per cent, as 1975-76 final expenditures were \$72 million lower than had been anticipated at the time when the target was struck. Therefore the current projected growth rate of 11.5 per cent is close to target.
- Total revenues are now estimated at \$11,389 million, or \$43 million over original plan.
- Net cash requirements of \$1,237 million remain within the capacity of internal funding sources.

Since the start of the fiscal year, the Government has identified the need for \$193 million in potential additional funding for the following major priority areas: operation of public hospitals \$100 million, other health programs \$24 million, fire fighting in Northern Ontario \$15 million and further community arena grants of \$8 million. These spending changes have largely been offset by on-going monitoring of all Government programs which have generated savings of \$143 million.

Revenues, in total, are now estimated to be \$43 million over the original forecast, but the yields of some taxes have altered significantly. Collections from Retail Sales Tax are now estimated at \$1,860 million or \$57 million below the original forecast, reflecting mainly the decelerating pace of inflation. On the other hand, lottery profits are up by \$32 million because of the popularity of Wintario and the commencement of the new million dollar provincial lottery. Investment income is also up significantly.

Actual results for the first six months of this fiscal year show that budgetary revenue amounts to \$4,720 million or 14.2 per cent over the first half of 1975-76. During the same period, budgetary expenditure was \$5,649 million for an increase of only 10.9 per cent.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1976-77

TABLE 1

Comparative Budget Performance			1976-77		
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976		(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
4,134	4,720	586	10,814	10,817	3
5,095	5,649	554	11,791	11,881	90
961	929	(32)	977	1,064	87
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
76	90	14	185	205	20
215	258	43	680	633	(47)
139	168	29	495	428	(67)
Special Purpose Accounts (Table 5)					
127	146	19	347	367	20
45	54	9	105	112	7
(82)	(92)	(10)	(242)	(255)	(13)
57	76	19	253	173	(80)
1,018	1,005	(13)	1,230	1,237	7
FINANCING					
Non-Public Borrowing					
465	493	28	850	850	—
50	59	9	211	230	19
84	82	(2)	180	180	—
15	—	(15)	—	—	—
12	19	7	34	34	—
(1)	(10)	(9)	(29)	(32)	(3)
625	643	18	1,246	1,262	16
Public Borrowing					
205	(150)	(355)	—	(195)	(195)
124	(2)	(126)	(37)	(37)	—
329	(152)	(481)	(37)	(232)	(195)
64	514	450	21	207	186
1,018	1,005	(13)	1,230	1,237	7
TOTAL FINANCING					

BUDGETARY REVENUE 1976-77

TABLE 2

Comparative Budget Performance			1976-77			
6 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
644	849	205	TAXATION			
179	144	(35)	Personal Income Tax (Net of credits)	1,954	1,930	(24)
587	473	(114)	Revenue Guarantee	371	399	28
649	878	229	Corporation Income Tax	935	935	—
260	265	5	Capital and Premium Taxes	193	193	—
37	40	3	Retail Sales Tax	1,917	1,860	(57)
3	1	(2)	Gasoline Tax	530	521	(9)
51	77	26	Motor Vehicle Fuel Tax	85	85	—
35	30	(5)	Mining Profits Tax	100	100	—
22	24	2	Tobacco Tax	152	152	—
1	3	2	Succession Duty	62	62	—
19	21	2	Land Transfer Tax	60	61	1
—	—	—	Land Speculation Tax	4	6	2
1	(3)	(4)	Race Tracks Tax	44	44	—
2,488	2,802	314	Income Tax — Public Utilities	7	7	—
			Other Taxation	4	(1)	(5)
			Total Taxation Revenue	6,418	6,354	(64)
			OTHER REVENUE			
270	346	76	Premiums — OHIP	790	790	—
136	152	16	LCBO Profits ¹	399	325	(74)
74	61	(13)	Vehicle Registration Fees	221	221	—
50	55	5	Other Fees and Licences	130	207	77
10	31	21	Ontario Lottery Profits	60	72	12
22	25	3	Fines and Penalties	55	56	1
21	18	(3)	Royalties	45	45	—
17	27	10	Sales and Rentals	35	42	7
17	23	6	Utility Service Charges	32	32	—
—	—	—	The Provincial Lottery Profits	—	20	20
19	22	3	Miscellaneous	43	46	3
636	760	124	Total Other Revenue	1,810	1,856	46
			FEDERAL GOVERNMENT PAYMENTS			
359	448	89	Hospital Insurance	988	1,016	28
172	197	25	Canada Assistance Plan	447	451	4
146	173	27	Medical Care	344	346	2
84	84	—	Post-Secondary Education Payments	191	151	(40)
35	30	(5)	Adult Occupational Training	80	80	—
14	16	2	Bilingualism Development	30	32	2
4	4	—	Economic Development	24	24	—
18	8	(10)	Rehabilitation of Offenders	17	17	—
3	2	(1)	Vocational Rehabilitation	12	12	—
3	—	(3)	Transit	1	1	—
12	14	2	Other Federal Payments	37	40	3
850	976	126	Total Federal Government Payments	2,171	2,170	(1)
160	182	22	Interest on Investments	415	437	22
4,134	4,720	586	TOTAL BUDGETARY REVENUE	10,814	10,817	3

¹ LLBO gallonage fees of \$74 million transferred to Other Fees and Licences

BUDGETARY EXPENDITURE 1976-77

TABLE 3

Comparative Budget Performance			1976-77			
6 Months		Increase (Decrease)	POLICY FIELDS AND MINISTRIES	Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
			Social Development Policy			
1,369	1,589	220	Health	3,343	3,454	111
1,109	1,204	95	Education	1,970	1,974	4
424	486	62	Colleges and Universities	1,168	1,168	—
382	410	28	Community and Social Services	985	970	(15)
56	73	17	Culture and Recreation	144	152	8
3,340	3,762	422	Sub-Total	7,610	7,718	108
			Resources Development Policy			
461	447	(14)	Transportation and Communications	985	978	(7)
115	122	7	Natural Resources	212	228	16
67	66	(1)	Housing	171	173	2
45	47	2	Agriculture and Food	158	153	(5)
30	41	11	Environment	97	100	3
19	22	3	Industry and Tourism	63	63	—
7	8	1	Labour	19	20	1
1	1	—	Energy	4	4	—
745	754	9	Sub-Total	1,709	1,719	10
			Justice Policy			
53	65	12	Solicitor General	129	141	12
54	62	8	Correctional Services	128	144	16
47	55	8	Attorney General	112	117	5
18	26	8	Consumer and Commercial Relations	64	66	2
172	208	36	Sub-Total	433	468	35
			Other Ministries			
313	314	1	Treasury, Economics and Intergovern- mental Affairs	464	460	(4)
124	131	7	Government Services	291	281	(10)
79	90	11	Revenue	209	206	(3)
19	17	(2)	Other	34	36	2
535	552	17	Sub-Total	998	983	(15)
303	373	70	Public Debt — Interest	870	892	22
—	—	—	Unallocated Salary Awards	171	101	(70) ¹
5,095	5,649	554	TOTAL BUDGETARY EXPENDITURE	11,791	11,881	90

¹ Reflects transfers to various Ministries

**NON-BUDGETARY
TRANSACTIONS 1976-77**

TABLE 4

Comparative Budget Performance			1976-77			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
25	28	3	Education Capital Aid Corporation	52	57	5
10	10	—	Universities Capital Aid Corporation	23	24	1
			Investments in Water Treatment and			
7	8	1	Pollution Control Facilities	19	19	—
—	—	—	Ontario Mortgage Corporation	18	21	3
5	9	4	Ontario Development Corporations	17	17	—
9	10	1	Loans to Public Hospitals	16	16	—
5	11	6	Nuclear Power Generating Station	9	16	7
2	2	—	Tile Drainage Debentures	6	6	—
2	2	—	Municipal Works Assistance	5	5	—
—	1	1	Municipal Improvement Corporation	5	6	1
2	2	—	Ontario Junior Farmers	4	4	—
—	—	—	Ontario Housing Corporations	3	3	—
9	7	(2)	Other	8	11	3
76	90	14	Sub-Total	185	205	20
DISBURSEMENTS						
Loans and Investments						
41	85	44	Ontario Mortgage Corporation	221	196	(25)
			Investments in Water Treatment and			
50	78	28	Pollution Control Facilities	143	146	3
33	32	(1)	Education Capital Aid Corporation	83	78	(5)
27	15	(12)	Ontario Development Corporations	49	44	(5)
7	15	8	Ontario Housing Corporations	47	38	(9)
11	17	6	Universities Capital Aid Corporation	38	32	(6)
11	1	(10)	Ontario Housing Action Program	34	32	(2)
12	11	(1)	Loans to Public Hospitals	32	29	(3)
5	5	—	Tile Drainage Debentures	13	17	4
15	(3)	(18)	Winter Capital Projects	10	7	(3)
3	1	(2)	Municipal Improvement Corporation	8	8	—
			Urban Transportation Development			
—	—	—	Corporation	—	4	4
—	1	1	Other	2	2	—
215	258	43	Sub-Total	680	633	(47)
139	168	29	NET INCREASE IN LENDING ACTIVITY	495	428	(67)

**NON-BUDGETARY
TRANSACTIONS 1976-77**

TABLE 5

Comparative Budget Performance			1976-77			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
38	56	18	Public Service Superannuation Fund	223	223	—
—	9	9	Teachers' Superannuation Adjustment Fund	39	39	—
75	28	(47)	Province of Ontario Savings Deposits (Net)	31	36	5
—	3	3	Public Service Superannuation Adjustment Fund	21	21	—
6	6	—	Motor Vehicle Accident Claims Fund	21	23	2
8	44	36	Other	12	25	13
127	146	19	Sub-Total	347	367	20
CHARGES						
Payments from Special Purpose Accounts						
22	24	2	Public Service Superannuation Fund	52	52	—
12	21	9	Ontario Energy Corporation	37	40	3
6	6	—	Motor Vehicle Accident Claims Fund	13	14	1
5	3	(2)	Other	3	6	3
45	54	9	Sub-Total	105	112	7
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
82	92	10		242	255	13



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Ontario finances

This is the third quarter progress report on the performance of the 1976 Ontario Budget. It includes a comparison of the first nine months' results in the 1976-77 fiscal year with the same period in 1975-76.

The latest outlook for 1976-77 shows net cash requirements of \$1,244 million, up \$7 million from the September report and only \$14 million higher than the original budget estimate. The latest increase in cash requirements is attributable to a slight downward revision in Provincial revenue flows.

	1975-76 Actual Results	1976-77 Budget Plan	1976-77 Revised Outlook	Increase Over 1975-76	
				Budget Plan	Revised Outlook
				%	%
		(Millions of Dollars)			
Revenues	9,520	11,346	11,333	19.2	19.0
Expenditures	11,319	12,576	12,577	11.1	11.1
Net Cash Requirements	1,799	1,230	1,244		

- Ontario's expenditure growth rate for 1976-77 is now projected at 11.1%, right on target with the 1976 Budget Plan.
- The decrease in total spending of \$49 million since September 30, 1976 reflects the stringent squeeze in government administrative costs.
- Total revenues are now projected at \$13 million below the original budget plan of \$11,346 million.
- Treasury Bills outstanding have been reduced from \$325 million to \$130 million.

Expenditure overruns since the last report include additional outlays for fire fighting in Northern Ontario, legal aid payments, and crop insurance reimbursements to farmers. In addition, \$7 million in new loans were authorized to the Ontario Transportation Development Corporation for transportation research and development. This spending has been financed solely by savings from government overhead and operating efficiencies. Total expenditures are \$49 million below the level estimated in the September report and are now within one million dollars of the original Estimates.

The revised revenue estimate is \$11,333 million, \$13 million below the original budget estimate. The overall deterioration is less than 0.2 per cent, but significant adjustments have been made to certain revenue items. The most significant change is a \$102 million reduction to the Personal Income Tax yield reflecting a revised estimate by the federal government in December and corresponding lower payments for the balance of the fiscal year. However, the Personal Income Tax adjustment was offset by an increase in the federal estimate of the Revenue Guarantee which was raised by \$125 million. The yield from the Mining Profits Tax has been revised downward to \$73 million due to the poorer than anticipated performance of world mineral prices. In addition, the Retail Sales Tax has been reduced by \$10 million to reflect the estimated cost in 1976-77 of the permanent continuation of the production machinery tax exemption. The remaining reduction from original budget (\$57 million) represents for the most part a lesser rate of inflation.

For nine months ended December 31, 1976 budgetary revenue amounted to \$7,236 million, or 16.1 per cent over the same period last year. Budgetary expenditure on the other hand was \$8,439 million for an increase of only 10.0 per cent over the same period in 1975-76.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1976-77

TABLE 1

Comparative Budget Performance			1976-77		
9 Months 1975	1976	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
6,234	7,236	1,002	Revenue (Table 2)	10,814	10,744 (70)
7,675	8,439	764	Expenditure (Table 3)	11,791	11,829 38
1,441	1,203	(238)	Budgetary Deficit	977	1,085 108
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
127	148	21	Receipts	185	205 20
406	402	(4)	Disbursements	680	634 (46)
279	254	(25)	Net Increase in Lending Activity	495	429 (66)
Special Purpose Accounts (Table 5)					
141	187	46	Credits	347	384 37
68	82	14	Charges	105	114 9
(73)	(105)	(32)	Net Increase in Special Purpose Accounts	(242)	(270) (28)
206	149	(57)	Non-Budgetary Transactions (Net)	253	159 (94)
1,647	1,352	(295)	NET CASH REQUIREMENTS	1,230	1,244 14
FINANCING					
Non-Public Borrowing					
603	643	40	Canada Pension Plan	850	810 (40)
169	133	(36)	Teachers' Superannuation Fund	211	243 32
142	161	19	Municipal Employees' Retirement Fund	180	180 —
25	—	(25)	Winter Capital Projects Fund	—	— —
18	27	9	CMHC Pollution Control Loans	34	34 —
(3)	(24)	(21)	Retirements	(29)	(38) (9)
954	940	(14)	Net Non-Public Borrowing	1,246	1,229 (17)
Public Borrowing					
260	(195)	(455)	Treasury Bills — Net	—	(195) (195)
274	(30)	(304)	Public Debentures — Net	(37)	(37) —
534	(225)	(759)	Net Public Borrowing	(37)	(232) (195)
159	637	478	Reduction in Liquid Reserves	21	247 226
1,647	1,352	(295)	TOTAL FINANCING	1,230	1,244 14

**BUDGETARY
REVENUE 1976-77**

TABLE 2

Comparative Budget Performance			1976-77		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1975	1976				
(Millions of Dollars)			(Millions of Dollars)		
1,120	1,306	186	1,954	1,852	(102)
256	213	(43)	371	496	125
753	661	(92)	935	895	(40)
940	1,341	401	193	193	—
391	392	1	1,917	1,850	(67)
56	60	4	530	518	(12)
3	(6)	(9)	85	85	—
77	114	37	100	73	(27)
47	46	(1)	152	152	—
36	38	2	62	62	—
2	5	3	60	60	—
29	31	2	4	6	2
—	—	—	44	44	—
1	(3)	(4)	7	7	—
3,711	4,198	487	4	(1)	(5)
TAXATION			6,418	6,292	(126)
Personal Income Tax (Net of credits)			Total Taxation Revenue		
Revenue Guarantee			OTHER REVENUE		
{ Corporation Income Tax			790	790	—
{ Capital and Premium Taxes			399	325	(74)
Retail Sales Tax			221	221	—
Gasoline Tax			130	202	72
Motor Vehicle Fuel Tax			60	72	12
Mining Profits Tax			55	56	1
Tobacco Tax			45	45	—
Succession Duty			35	43	8
Land Transfer Tax			32	33	1
Land Speculation Tax			43	48	5
Race Tracks Tax			1,810	1,835	25
Income Tax — Public Utilities			Total Other Revenue		
Other Taxation			790	790	—
Total Taxation Revenue			399	325	(74)
OTHER REVENUE			221	221	—
Premiums — OHIP			130	202	72
LCBO Profits ¹			60	72	12
Vehicle Registration Fees			55	56	1
Other Fees and Licences			45	45	—
Ontario Lottery Profits			35	43	8
Fines and Penalties			32	33	1
Royalties			43	48	5
Sales and Rentals			1,810	1,835	25
Utility Service Charges			790	790	—
Miscellaneous			399	325	(74)
Total Other Revenue			221	221	—
FEDERAL GOVERNMENT PAYMENTS			130	202	72
Hospital Insurance			60	72	12
Canada Assistance Plan			55	56	1
Medical Care			45	45	—
Post-Secondary Education Payments			35	43	8
Adult Occupational Training			32	33	1
Bilingualism Development			43	48	5
Economic Development			1,810	1,835	25
Rehabilitation of Offenders			790	790	—
Vocational Rehabilitation			399	325	(74)
Transit			221	221	—
Other Federal Payments			130	202	72
Total Federal Government Payments			60	72	12
Interest on Investments			55	56	1
TOTAL BUDGETARY REVENUE			45	45	—

¹ LLBO gallonage fees transferred to Other Fees and Licences

BUDGETARY EXPENDITURE 1976-77

TABLE 3

Comparative Budget Performance			1976-77			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
2,101	2,427	326	Health	3,343	3,439	96
1,602	1,646	44	Education	1,970	1,957	(13)
670	772	102	Colleges and Universities	1,168	1,167	(1)
596	646	50	Community and Social Services	985	968	(17)
77	101	24	Culture and Recreation	144	150	6
5,046	5,592	546	Sub-Total	7,610	7,681	71
Resources Development Policy						
675	641	(34)	Transportation and Communications	985	969	(16)
160	180	20	Natural Resources	212	242	30
113	92	(21)	Housing	171	177	6
89	108	19	Agriculture and Food	158	157	(1)
50	64	14	Environment	97	101	4
29	36	7	Industry and Tourism	63	60	(3)
11	12	1	Labour	19	20	1
2	2	—	Energy	4	4	—
1,129	1,135	6	Sub-Total	1,709	1,730	21
Justice Policy						
90	96	6	Solicitor General	129	142	13
86	99	13	Correctional Services	128	144	16
72	85	13	Attorney General	112	119	7
28	41	13	Consumer and Commercial Relations	64	63	(1)
276	321	45	Sub-Total	433	468	35
Other Ministries						
379	412	33	Treasury, Economics and Intergovern- mental Affairs	464	456	(8)
186	188	2	Government Services	291	283	(8)
121	141	20	Revenue	209	199	(10)
30	27	(3)	Other	34	38	4
716	768	52	Sub-Total	998	976	(22)
508	623	115	Public Debt — Interest	870	891	21
—	—	—	Unallocated Salary Awards	171	83	(88) ¹
7,675	8,439	764	TOTAL BUDGETARY EXPENDITURE	11,791	11,829	38

¹ Reflects transfers to various Ministries

**NON-BUDGETARY
TRANSACTIONS 1976-77**

TABLE 4

Comparative Budget Performance			1976-77			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
41	45	4	Education Capital Aid Corporation	52	57	5
15	16	1	Universities Capital Aid Corporation	23	24	1
			Investments in Water Treatment and			
9	14	5	Pollution Control Facilities	19	19	—
11	13	2	Ontario Mortgage Corporation	18	21	3
9	12	3	Ontario Development Corporations	17	17	—
9	7	(2)	Loans to Public Hospitals	16	16	—
7	14	7	Nuclear Power Generating Station	9	18	9
3	5	2	Tile Drainage Debentures	6	6	—
3	3	—	Municipal Works Assistance	5	5	—
3	4	1	Municipal Improvement Corporation	5	3	(2)
5	5	—	Ontario Junior Farmers	4	4	—
—	2	2	Ontario Housing Corporations	3	5	2
4	—	(4)	Ontario Land Corporation	—	—	—
8	8	—	Other	8	10	2
127	148	21	Sub-Total	185	205	20
DISBURSEMENTS						
Loans and Investments						
90	132	42	Ontario Mortgage Corporation	221	192	(29)
			Investments in Water Treatment and			
101	115	14	Pollution Control Facilities	143	146	3
59	49	(10)	Education Capital Aid Corporation	83	78	(5)
41	23	(18)	Ontario Development Corporations	49	40	(9)
23	25	2	Ontario Housing Corporations	47	38	(9)
22	23	1	Universities Capital Aid Corporation	38	33	(5)
11	3	(8)	Ontario Housing Action Program	34	32	(2)
20	18	(2)	Loans to Public Hospitals	32	34	2
12	11	(1)	Tile Drainage Debentures	13	17	4
20	(2)	(22)	Winter Capital Projects	10	1	(9)
5	3	(2)	Municipal Improvement Corporation	8	8	—
			Ontario Transportation Development			
—	—	—	Corporation	—	11	11
2	2	—	Other	2	4	2
406	402	(4)	Sub-Total	680	634	(46)
279	254	(25)	NET INCREASE IN LENDING ACTIVITY	495	429	(66)

NON-BUDGETARY TRANSACTIONS 1976-77

TABLE 5

Comparative Budget Performance			1976-77			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975	1976					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
69	97	28	Public Service Superannuation Fund	223	223	—
2	14	12	Teachers' Superannuation Adjustment Fund	39	39	—
52	29	(23)	Province of Ontario Savings Deposits (Net)	31	35	4
—	6	6	Public Service Superannuation Adjustment Fund	21	16	(5)
8	9	1	Motor Vehicle Accident Claims Fund	21	23	2
—	—	—	The Provincial Lottery Profits	—	20	20
10	32	22	Other	12	28	16
141	187	46	Sub-Total	347	384	37
CHARGES						
Payments from Special Purpose Accounts						
36	38	2	Public Service Superannuation Fund	52	52	—
21	30	9	Ontario Energy Corporation	37	41	4
8	9	1	Motor Vehicle Accident Claims Fund	13	14	1
3	5	2	Other	3	7	4
68	82	14	Sub-Total	105	114	9
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
73	105	32		242	270	28



MARCH 31, 1977

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Ontario finances

This is a special issue of Ontario Finances, reporting on the fourth quarter performance of the 1976 Budget. It includes a comparison of the actual operating results for the first eleven months of this fiscal year with those for the same period in 1975-76. These interim figures for 1976-77 will be the figures published in the 1977 Budget, the final actual figures for 1976-77 will be reported as usual in the 1976 Financial Report.

Net cash requirements for 1976-77 are now projected at \$1,388 million, or \$158 million higher than the original budget. This increase in net cash requirements is entirely due to lower than anticipated revenues.

	1975-76 Actual Results	1976-77 Budget Plan	1976-77 Revised Outlook	Increase Over 1975-76	
				Budget Plan	Revised Outlook
		(Millions of Dollars)		%	%
Revenues	9,520	11,346	11,177	19.2	17.4
Expenditures	11,319	12,576	12,565	11.1	11.0
Net Cash Requirements	1,799	1,230	1,388		

- Expenditures are \$11 million below the original budget target of \$12,576 million.
- In-year shifts in spending plans have been accomplished to finance \$372 million of additional requirements for priority areas.
- Revenues are projected at \$11,177 million, \$169 million less than the original budget plan.
- The additional \$158 million in net cash requirements will not necessitate public borrowing. In fact, during the 1976-77 fiscal year, Treasury Bills outstanding were reduced by \$195 million.

The deterioration in the 1976 revenue performance is primarily attributable to a poorer economic performance than originally anticipated when the Budget was formulated. The revenues most affected are Personal Income Tax, Retail Sales Tax and Corporation Income Tax. These revenues exhibit the greatest sensitivity to fluctuations in the economy. Much of the deterioration has been offset by higher than forecast payments under the Revenue Guarantee and improvements in non-budgetary Receipts and Credits.

On the expenditure front, increased funding was allocated during the year to cover additional requirements for the operation of hospitals and senior citizen facilities, for home renewal grants, fire fighting and other priority programs. However, these increases were entirely financed through expenditure savings from other areas.

For the eleven months ended February 28, 1977 budgetary revenue amounted to \$8,880 million, or 14.3 per cent over the same period last fiscal year. On the other hand, budgetary expenditure was \$10,179 million, for an increase of 11.7 per cent over the same period in 1975-76.

The Honourable W. Darcy McKeough
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**STATEMENT OF CASH REQUIREMENTS
AND RELATED FINANCING 1976-77**

TABLE 1

Comparative Budget Performance			1976-77		
11 Months 1975-76	1976-77	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
7,768	8,880	1,112	Revenue (Table 2)	10,814	10,567 (247)
9,113	10,179	1,066	Expenditure (Table 3)	11,791	11,846 55
1,345	1,299	(46)	Budgetary Deficit	977	1,279 302
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
153	174	21	Receipts	185	211 26
513	480	(33)	Disbursements	680	603 (77)
360	306	(54)	Net Increase in Lending Activity	495	392 (103)
Special Purpose Accounts (Table 5)					
172	271	99	Credits	347	399 52
86	103	17	Charges	105	116 11
(86)	(168)	(82)	Net Increase in Special Purpose Accounts	(242)	(283) (41)
274	138	(136)	Non-Budgetary Transactions (Net)	253	109 (144)
1,619	1,437	(182)	NET CASH REQUIREMENTS	1,230	1,388 158
FINANCING					
Non-Public Borrowing					
688	704	16	Canada Pension Plan	850	813 (37)
198	276	78	Teachers' Superannuation Fund	211	330 119
145	170	25	Municipal Employees' Retirement Fund	180	180 —
32	—	(32)	Winter Capital Projects Fund	—	— —
28	30	2	CMHC Pollution Control Loans	34	34 —
(4)	(31)	(27)	Retirements	(29)	(39) (10)
1,087	1,149	62	Net Non-Public Borrowing	1,246	1,318 72
Public Borrowing					
300	(195)	(495)	Treasury Bills — Net	—	(195) (195)
268	(35)	(303)	Public Debentures — Net	(37)	(38) (1)
568	(230)	(798)	Net Public Borrowing	(37)	(233) (196)
(36)	518	554	Reduction in Liquid Reserves	21	303 282
1,619	1,437	(182)	TOTAL FINANCING	1,230	1,388 158

BUDGETARY REVENUE 1976-77

TABLE 2

Comparative Budget Performance			1976-77		
11 Months 1975-76	1976-77	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
TAXATION					
1,399	1,609	210	1,954	1,782	(172)
256	213	(43)	371	496	125
926	803	(123)	935	840	(95)
1,204	1,626	422	193	188	(5)
469	470	1	1,917	1,810	(107)
68	72	4	530	514	(16)
33	30	(3)	85	82	(3)
92	138	46	100	42	(58)
56	55	(1)	152	154	2
45	46	1	62	62	—
3	5	2	60	52	(8)
34	37	3	4	6	2
7	5	(2)	44	42	(2)
1	(3)	(4)	7	5	(2)
4,593	5,106	513	4	(1)	(5)
Total Taxation Revenue			6,418	6,074	(344)
OTHER REVENUE					
493	694	201	790	790	—
233	262	29	399	305	(94)
129	154	25	221	218	(3)
154	171	17	130	204	74
34	73	39	60	80	20
41	46	5	55	53	(2)
36	35	(1)	45	43	(2)
32	44	12	35	46	11
34	38	4	32	35	3
38	45	7	43	59	16
1,224	1,562	338	1,810	1,833	23
FEDERAL GOVERNMENT PAYMENTS					
707	852	145	988	1,025	37
352	383	31	447	452	5
265	319	54	344	345	1
151	151	—	191	190	(1)
60	65	5	80	80	—
21	27	6	30	34	4
14	10	(4)	24	21	(3)
28	13	(15)	17	15	(2)
7	7	—	12	9	(3)
10	—	(10)	1	—	(1)
29	39	10	37	45	8
1,644	1,866	222	2,171	2,216	45
307	346	39	415	444	29
7,768	8,880	1,112	10,814	10,567	(247)
TOTAL BUDGETARY REVENUE					

¹ LLBO gallongage fees of \$74 million transferred to Other Fees and Licences

BUDGETARY EXPENDITURE 1976-77

TABLE 3

Comparative Budget Performance			1976-77			
11 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1975-76	1976-77					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
2,620	2,988	368	Health	3,343	3,430	87
1,701	1,869	168	Education	1,970	1,990	20
876	1,003	127	Colleges and Universities	1,168	1,160	(8)
739	800	61	Community and Social Services	985	954	(31)
91	122	31	Culture and Recreation	144	150	6
6,027	6,782	755	Sub-Total	7,610	7,684	74
Resources Development Policy						
783	762	(21)	Transportation and Communications	985	971	(14)
180	207	27	Natural Resources	212	245	33
158	155	(3)	Housing	171	169	(2)
115	139	24	Agriculture and Food	158	170	12
61	78	17	Environment	97	101	4
35	43	8	Industry and Tourism	63	58	(5)
14	16	2	Labour	19	20	1
2	2	—	Energy	4	4	—
1,348	1,402	54	Sub-Total	1,709	1,738	29
Justice Policy						
107	116	9	Solicitor General	129	147	18
106	121	15	Correctional Services	128	146	18
86	102	16	Attorney General	112	121	9
34	50	16	Consumer and Commercial Relations	64	65	1
333	389	56	Sub-Total	433	479	46
Other Ministries						
392	424	32	Treasury, Economics and Intergovern- mental Affairs	464	514	50
224	245	21	Government Services	291	305	14
154	173	19	Revenue	209	199	(10)
36	33	(3)	Other	34	38	4
806	875	69	Sub-Total	998	1,056	58
599	731	132	Public Debt — Interest	870	889	19
—	—	—	Unallocated Salary Awards	171	—	(171) ¹
9,113	10,179	1,066	TOTAL BUDGETARY EXPENDITURE	11,791	11,846	55

¹ Transferred to Ministries

NON-BUDGETARY TRANSACTIONS 1976-77

TABLE 4

Comparative Budget Performance			1976-77		
11 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1975-76	1976-77				
(Millions of Dollars)			(Millions of Dollars)		
RECEIPTS					
Repayments of Loans and Investments					
47	50	3	52	57	5
17	21	4	23	24	1
10	19	9	19	19	—
11	13	2	18	24	6
10	14	4	17	17	—
16	7	(9)	16	16	—
10	18	8	9	19	10
5	6	1	6	6	—
3	3	—	5	5	—
5	4	(1)	5	4	(1)
5	5	—	4	4	—
—	2	2	3	5	2
5	—	(5)	—	—	—
9	12	3	8	11	3
153	174	21	185	211	26
Sub-Total					
DISBURSEMENTS					
Loans and Investments					
103	156	53	221	180	(41)
129	132	3	143	146	3
73	55	(18)	83	77	(6)
47	26	(21)	49	30	(19)
42	33	(9)	47	36	(11)
30	28	(2)	38	33	(5)
13	5	(8)	34	31	(3)
26	24	(2)	32	34	2
15	14	(1)	13	17	4
25	—	(25)	10	—	(10)
6	4	(2)	8	15	7
4	3	(1)	2	4	2
513	480	(33)	680	603	(77)
Sub-Total					
360	306	(54)	495	392	(103)
NET INCREASE IN LENDING ACTIVITY					

**NON-BUDGETARY
TRANSACTIONS 1976-77**

TABLE 5

Comparative Budget Performance			1976-77			
11 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1975-76	1976-77					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
93	123	30	Public Service Superannuation Fund	223	242	19
7	18	11	Teachers' Superannuation Adjustment Fund	39	39	—
48	28	(20)	Province of Ontario Savings Deposits (Net)	31	40	9
—	7	7	Public Service Superannuation Adjustment Fund	21	17	(4)
10	10	—	Motor Vehicle Accident Claims Fund	21	23	2
—	5	5	The Provincial Lottery	—	10	10
14	80	66	Other	12	28	16
172	271	99	Sub-Total	347	399	52
CHARGES						
Payments from Special Purpose Accounts						
45	47	2	Public Service Superannuation Fund	52	53	1
26	36	10	Ontario Energy Corporation	37	40	3
10	12	2	Motor Vehicle Accident Claims Fund	13	13	—
—	—	—	The Provincial Lottery	—	2	2
5	8	3	Other	3	8	5
86	103	17	Sub-Total	105	116	11
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
86	168	82		242	283	41



JUNE 30, 1977

Ontario finances

This is the first progress report on the performance of the 1977 Ontario Budget. It includes a comparison of the first three months' results in the 1977-78 fiscal year with the same period in 1976-77.

Net cash requirements for 1977-78 remain unchanged from the original Budget estimate of \$1,077 million.

	1976-77 Actual Results	1977-78 Budget Plan	1977-78 Revised Outlook	In-Year Change
(Millions of Dollars)				
Revenues	11,148	12,621	12,529	—92
Expenditures	12,466	13,698	13,606	—92
Net Cash Requirements	1,318	1,077	1,077	NIL

- The revenue forecast has been revised downward by \$92 million, reflecting both a weaker than anticipated performance of the Canadian economy in the final quarter of 1976 and delays in implementing the tax increases announced in the Budget.
- Despite this downward adjustment in the revenue forecast, however, net cash requirements have been held to target through the application of offsetting expenditure cuts.
- Net cash requirements for 1977-78 will be financed entirely from internally generated funds. The Province will not require any new public market borrowing.

Implementation of the tax increases announced in the recent Budget was delayed by the June 9 Ontario election and the proposed Environmental Tax has been withdrawn. Also, revenues from Corporation Taxes and Retail Sales Tax were lower than expected as a result of the negative real GNP growth recorded in the last quarter of 1976. Consequently, the forecast of budgetary revenue has been reduced by \$125 million. Non-budgetary revenue has been increased by \$33 million, however, stemming from increases in loan repayments and higher inflows to trust accounts.

Intensive monitoring of all expenditures under the Government's restraint program has made possible a reordering of priorities and implementation of expenditure cuts amounting to \$134 million. This action has enabled the Government to offset the revenue forecast adjustment as well as to expand its high priority job creation programs, fund additional fire fighting in Northern Ontario and defray the costs of the election. Reductions in spending have been made in the following areas: Social Field — \$57 million, Resources Field — \$47 million, and General Government — \$30 million.

For the first three months ended June 30, 1977, budgetary revenue amounted to \$2,430 million, or 13.9 per cent above the same period last year. Budgetary expenditure was \$3,142 million, for an increase of 11.2 per cent over the same period in 1976-77.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1977-78

TABLE 1

Comparative Budget Performance			1977-78			
3 Months		Increase				
1976-77	1977-78	(Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)			
2,134	2,430	296	BUDGETARY TRANSACTIONS			
2,825	3,142	317	Revenue (Table 2)	11,983	11,858	(125)
691	712	21	Expenditure (Table 3)	12,975	12,908	(67)
			Budgetary Deficit	992	1,050	58
			NON-BUDGETARY TRANSACTIONS			
			Lending and Investment Activity (Table 4)			
36	53	17	Receipts	210	237	27
94	86	(8)	Disbursements	602	576	(26)
58	33	(25)	Net Increase in Lending Activity (A)	392	339	(53)
			Special Purpose Accounts (Table 5)			
95	59	(36)	Credits	428	434	6
28	28	—	Charges	121	122	1
67	31	(36)	Net Increase in Special Purpose Accounts (B)	307	312	5
(9)	2	(11)	Non-Budgetary Transactions (A-B)	85	27	(58)
682	714	32	NET CASH REQUIREMENTS¹	1,077	1,077	—
			FINANCING			
			Non-Public Borrowing			
280	327	47	Canada Pension Plan	850	850	—
59	62	3	Teachers' Superannuation Fund	260	260	—
59	64	5	Municipal Employees' Retirement Fund	190	190	—
8	16	8	CMHC Pollution Control Loans	43	43	—
(3)	(1)	2	Retirements	(8)	(8)	—
403	468	65	Net Non-Public Borrowing	1,335	1,335	—
			Public Borrowing			
—	—	—	Treasury Bills — Net	—	—	—
—	—	—	Public Debentures — Net	(65)	(65)	—
—	—	—	Net Public Borrowing	(65)	(65)	—
(279)	(246)	33	Increase in Liquid Reserves	193	193	—
682	714	32	TOTAL FINANCING	1,077	1,077	—

¹Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1977-78

TABLE 2

Comparative Budget Performance			1977-78		
3 Months 1976-77	1977-78	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
TAXATION					
376	681	305	2,975	2,975	—
145	—	(145)	150	150	—
196	188	(8)	996	966	(30)
—	—	—	260	257	(3)
416	447	31	110	110	—
124	125	1	2,041	2,002	(39)
19	21	2	525	525	—
33	35	2	104	102	(2)
14	21	7	215	205	(10)
8	10	2	56	56	—
1	2	1	60	60	—
9	10	1	9	9	—
—	—	—	48	48	—
—	1	1	8	8	—
1,341	1,541	200	27	3	(24)
			7,584	7,476	(108)
TOTAL TAXATION REVENUE					
OTHER REVENUE					
141	189	48	815	815	—
55	43	(12)	331	326	(5)
42	28	(14)	296	296	—
24	53	29	215	217	2
18	20	2	80	80	—
11	13	2	60	60	—
10	12	2	50	50	—
8	9	1	45	45	—
9	12	3	40	40	—
8	18	10	52	53	1
326	397	71	1,984	1,982	(2)
TOTAL OTHER REVENUE					
FEDERAL GOVERNMENT PAYMENTS					
—	277	277	1,106	1,106	—
155	—	(155)	40	40	—
80	—	(80)	25	10	(15)
38	—	(38)	15	10	(5)
—	42	42	170	170	—
83	75	(8)	376	376	—
15	14	(1)	91	91	—
9	—	(9)	31	31	—
1	4	3	25	25	—
3	5	2	17	17	—
—	—	—	14	14	—
5	10	5	37	42	5
389	427	38	1,947	1,932	(15)
TOTAL FEDERAL GOVERNMENT PAYMENTS					
78	65	(13)	468	468	—
Interest on Investments					
2,134	2,430	296	11,983	11,858	(125)
TOTAL BUDGETARY REVENUE					

BUDGETARY EXPENDITURE 1977-78

TABLE 3

Comparative Budget Performance			1977-78		
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1976-77	1977-78				
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
724	790	66	3,796	3,743	(53)
743	940	197	2,130	2,130	—
212	225	13	1,273	1,273	—
182	196	14	1,077	1,076	(1)
35	50	15	166	166	—
1,896	2,201	305	8,442	8,388	(54)
Sub-Total					
Resources Development Policy					
175	203	28	1,045	1,033	(12)
52	52	—	225	231	6
30	25	(5)	201	195	(6)
22	20	(2)	172	168	(4)
19	21	2	104	106	2
10	10	—	58	56	(2)
3	4	1	32	31	(1)
1	1	—	10	10	—
312	336	24	1,847	1,830	(17)
Sub-Total					
Justice Policy					
27	28	1	154	155	1
26	26	—	147	148	1
26	29	3	131	131	—
10	10	—	64	64	—
89	93	4	496	498	2
Sub-Total					
Other Ministries					
Treasury, Economics and Intergovern-					
175	130	(45)	420	440	20
85	63	(22)	287	273	(14)
41	41	—	205	201	(4)
4	4	—	120	115	(5)
4	14	10	15	32	17
3	3	—	9	9	—
—	1	1	4	4	—
2	2	—	10	10	—
314	258	(56)	1,070	1,084	14
Sub-Total					
214	254	40	1,042	1,042	—
—	—	—	78	66	(12) ¹
2,825	3,142	317	12,975	12,908	(67)
TOTAL BUDGETARY EXPENDITURE					

¹ Reflects transfers to various Ministries

NON-BUDGETARY
TRANSACTIONS 1977-78

TABLE 4

Comparative Budget Performance			1977-78			
3 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1976-77	1977-78	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
10	11	1	Education Capital Aid Corporation	62	62	—
4	4	—	Universities Capital Aid Corporation	26	26	—
4	1	(3)	Investment in Environmental Protection	22	33	11
3	4	1	Ontario Development Corporations	21	21	—
4	5	1	Nuclear Power Generating Station	18	24	6
—	—	—	Loans to Public Hospitals	17	17	—
—	19	19	Ontario Mortgage Corporation	13	13	—
1	1	—	Tile Drainage Debentures	7	7	—
4	4	—	Ontario Junior Farmers	7	7	—
1	1	—	Municipal Works Assistance	5	5	—
—	—	—	Municipal Improvement Corporation	5	5	—
—	—	—	Ontario Housing Corporations	3	10	7
5	3	(2)	Other	4	7	3
36	53	17	Sub-Total	210	237	27
DISBURSEMENTS						
Loans and Investments						
30	21	(9)	Investment in Environmental Protection	164	158	(6)
25	28	3	Ontario Mortgage Corporation	98	99	1
12	3	(9)	Education Capital Aid Corporation	82	79	(3)
—	—	—	Regional and Municipal Public Works	42	30	(12)
9	8	(1)	Ontario Development Corporations	40	40	—
4	4	—	Ontario Housing Corporations	39	34	(5)
3	2	(1)	Loans to Public Hospitals	38	38	—
8	12	4	Universities Capital Aid Corporation	35	34	(1)
1	—	(1)	Tile Drainage Debentures	20	20	—
—	6	6	Ontario Transportation Development Corporation	18	18	—
1	1	—	Municipal Improvement Corporation	8	8	—
—	—	—	Ontario Land Corporation	8	8	—
—	—	—	Ontario Energy Corporation	5	5	—
1	1	—	Other	5	5	—
94	86	(8)	Sub-Total	602	576	(26)
58	33	(25)	NET INCREASE IN LENDING ACTIVITY	392	339	(53)

**NON-BUDGETARY
TRANSACTIONS 1977-78**

TABLE 5

Comparative Budget Performance			1977-78			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1976-77	1977-78					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
31	17	(14)	Public Service Superannuation Fund	244	244	—
5	5	—	Teachers' Superannuation Adjustment Fund	48	48	—
19	13	(6)	Province of Ontario Savings Deposits (Net)	40	40	—
—	4	4	The Provincial Lottery	33	33	—
1	5	4	Public Service Superannuation Adjustment Fund	28	33	5
2	4	2	Motor Vehicle Accident Claims Fund	23	23	—
37	11	(26)	Other	12	13	1
95	59	(36)	Sub-Total	428	434	6
CHARGES						
Payments from Special Purpose Accounts						
12	14	2	Public Service Superannuation Fund	58	58	—
12	10	(2)	Ontario Energy Corporation	31	33	2
3	3	—	Motor Vehicle Accident Claims Fund	15	15	—
—	—	—	The Provincial Lottery	11	9	(2)
1	1	—	Other	6	7	1
28	28	—	Sub-Total	121	122	1
67	31	(36)	NET INCREASE IN SPECIAL PURPOSE ACCOUNTS	307	312	5



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Ontario finances

This is the second quarter update on the performance of the 1977 Ontario Budget. It provides a revised outlook for the remainder of this fiscal year, along with a comparison of the first six months' performance in the 1977-78 fiscal year with the same period in 1976-77.

The current expenditure outlook of \$13,606 million remains unchanged from that presented in the June 30, 1977 Ontario Finances. In fact, the Province has been able to accommodate \$238 million in essential in-year requirements by securing offsetting savings in the original Estimates. Expenditure restraint remains the dominant policy theme for Ontario, with spending in the 1977-78 fiscal year scheduled to increase by 9.1 per cent, as opposed to the original 1977 Budget target of 9.9 per cent.

	1977-78 Budget Plan	1977-78 Revised Outlook	In-Year Change
(Millions of Dollars)			
Revenues	12,621	12,154	— 467
Expenditures	13,698	13,606	— 92
Net Cash Requirements	1,077	1,452	+ 375

By contrast, on the revenue side, there has been a significant deterioration — \$467 million — from the original Budget plan. Some of this revenue shortfall was predictable, given the lull in the economy, sluggish retail trade and the slump in world metal prices. But the main explanation for this unusually large deterioration from forecast lies in the \$350 million downward re-estimate by the federal government of Ontario's 1977 personal income tax. Ottawa has informed all of the provinces that it will be making corresponding reductions in their entitlements and intends to reduce its payments starting immediately.

Personal income taxes in Canada, except for Quebec, are collected by the federal government on behalf of the provinces. Cash payments flow to the provinces on a monthly basis, and are based on a federal forecast of total taxes payable. The federal Department of Finance periodically makes upward or downward adjustments to its forecast which are then reflected in the income tax payments to the provinces. In the past, these in-year adjustments have been 2 or 3 per cent in magnitude; however, the error in this year's federal forecast was over 10 per cent. At the October 5th and 6th meeting of Ministers of Finance, the provinces expressed concern over this inaccuracy in revenue forecasting and the unexpected financing burdens that it placed upon them. Joint discussions to improve the forecasting methodology have been scheduled so that adjustments of this magnitude will not recur in future years.

The revised estimate of net cash requirements now stands at \$1,452 million. The Province will be able to finance these additional requirements entirely from internal sources without recourse to the public bond market.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1977-78

TABLE 1

Comparative Budget Performance			1977-78			
6 Months		Increase		Budget	Revised	Increase
1976-77	1977-78	(Decrease)		Estimate	Estimate	(Decrease)
(Millions of Dollars)				(Millions of Dollars)		
4,724	5,091	367	BUDGETARY TRANSACTIONS			
5,655	6,175	520	Revenue (Table 2)	11,983	11,497	(486)
931	1,084	153	Expenditure (Table 3)	12,975	12,924	(51)
			Budgetary Deficit	992	1,427	435
			NON-BUDGETARY TRANSACTIONS			
			Lending and Investment Activity (Table 4)			
102	134	32	Receipts	210	235	25
260	212	(48)	Disbursements	602	561	(41)
158	78	(80)	Net Increase in Lending Activity (A)	392	326	(66)
			Special Purpose Accounts (Table 5)			
146	81	(65)	Credits	428	422	(6)
54	56	2	Charges	121	121	—
92	25	(67)	Net Increase in Special Purpose Accounts (B)	307	301	(6)
66	53	(13)	Non-Budgetary Transactions (A-B)	85	25	(60)
997	1,137	140	NET CASH REQUIREMENTS¹	1,077	1,452	375
			FINANCING			
			Non-Public Borrowing			
492	550	58	Canada Pension Plan	850	900	50
59	62	3	Teachers' Superannuation Fund	260	366	106
82	85	3	Municipal Employees' Retirement Fund	190	190	—
19	21	2	CMHC Pollution Control Loans	43	43	—
(10)	(2)	8	Retirements	(8)	(8)	—
642	716	74	Net Non-Public Borrowing	1,335	1,491	156
			Public Borrowing			
(150)	—	150	Treasury Bills — Net	—	—	—
(2)	(1)	(1)	Public Debentures — Net	(65)	(66)	(1)
(152)	(1)	151	Net Public Borrowing	(65)	(66)	(1)
(507)	(422)	85	Increase (Decrease) in Liquid Reserves	193	(27)	(220)
997	1,137	140	TOTAL FINANCING	1,077	1,452	375

¹Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1977-78

TABLE 2

Comparative Budget Performance			1977-78		
6 Months 1976-77	1977-78	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
TAXATION					
849	1,298	449	Personal Income Tax (Net of credits)	2,975	2,625 (350)
145	—	(145)	Revenue Guarantee	150	175 25
473	451	(22)	Corporation Income Tax	996	939 (57)
1	2	1	Capital and Premium Taxes	260	257 (3)
877	944	67	Mining Profits Tax	110	40 (70)
265	270	5	Retail Sales Tax	2,041	1,975 (66)
40	42	2	Gasoline Tax	525	525 —
77	92	15	Motor Vehicle Fuel Tax	104	90 (14)
30	40	10	Tobacco Tax	215	205 (10)
24	29	5	Succession Duty	56	65 9
3	4	1	Land Transfer Tax	60	60 —
21	22	1	Land Speculation Tax	9	9 —
—	—	—	Race Tracks Tax	48	47 (1)
(3)	—	3	Income Tax — Public Utilities	8	8 —
2,802	3,194	392	Other Taxation	27	3 (24)
			Total Taxation Revenue	7,584	7,023 (561)
OTHER REVENUE					
347	391	44	Premiums — OHIP	815	815 —
112	125	13	LCBO Profits	331	326 (5)
53	43	(10)	Vehicle Registration Fees	296	296 —
103	113	10	Other Fees and Licences	215	212 (3)
31	35	4	Ontario Lottery Profits	80	80 —
25	28	3	Fines and Penalties	60	60 —
18	21	3	Royalties	50	50 —
27	26	(1)	Sales and Rentals	45	46 1
23	24	1	Utility Service Charges	40	40 —
25	29	4	Miscellaneous	52	55 3
764	835	71	Total Other Revenue	1,984	1,980 (4)
FEDERAL GOVERNMENT PAYMENTS					
—	553	553	Established Programs Financing	1,106	1,214 108
447	—	(447)	Hospital Insurance	40	40 —
173	—	(173)	Medical Care	25	8 (17)
84	—	(84)	Post-Secondary Education Payments	15	— (15)
—	84	84	Extended Health Care Services	170	170 —
197	171	(26)	Canada Assistance Plan	376	372 (4)
30	30	—	Adult Occupational Training	91	91 —
16	19	3	Bilingualism Development	31	36 5
4	8	4	Economic Development	25	23 (2)
8	9	1	Rehabilitation of Offenders	17	15 (2)
2	3	1	Vocational Rehabilitation	14	13 (1)
—	—	—	Reciprocal Taxation	—	22 22
15	19	4	Other Federal Payments	37	42 5
976	896	(80)	Total Federal Government Payments	1,947	2,046 99
182	166	(16)	Interest on Investments	468	448 (20)
4,724	5,091	367	TOTAL BUDGETARY REVENUE	11,983	11,497 (486)

BUDGETARY EXPENDITURE 1977-78

TABLE 3

Comparative Budget Performance			1977-78			
6 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1976-77	1977-78					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
1,564	1,673	109	Health	3,796	3,640	(156)
1,204	1,352	148	Education	2,130	2,233	103
486	518	32	Colleges and Universities	1,273	1,267	(6)
457	499	42	Community and Social Services	1,077	1,157 ¹	80
72	106	34	Culture and Recreation	166	195	29
3,783	4,148	365	Sub-Total	8,442	8,492	50
Resources Development Policy						
431	498	67	Transportation and Communications	1,045	1,022 ²	(23)
120	126	6	Natural Resources	225	230	5
66	68	2	Housing	201	192	(9)
47	48	1	Agriculture and Food	172	165	(7)
40	46	6	Environment	104	104	—
24	20	(4)	Industry and Tourism	58	54	(4)
8	12	4	Labour	32	31	(1)
1	2	1	Energy	10	9	(1)
737	820	83	Sub-Total	1,847	1,807	(40)
Justice Policy						
47	53	6	Correctional Services	154	117	(37)
65	64	(1)	Solicitor General	147	156	9
54	62	8	Attorney General	131	130	(1)
26	29	3	Consumer and Commercial Relations	64	67	3
192	208	16	Sub-Total	496	470	(26)
Other Ministries						
304	287	(17)	Treasury, Economics and Intergovern- mental Affairs	420	423	3
130	120	(10)	Government Services	287	285	(2)
90	91	1	Revenue	205	196	(9)
28	39	11	Northern Affairs	120	120	—
8	19	11	Assembly	15	32	17
5	5	—	Management Board	9	8	(1)
1	2	1	Ombudsman	4	4	—
4	4	—	Other	10	11	1
570	567	(3)	Sub-Total	1,070	1,079	9
373	432	59	Public Debt — Interest	1,042	1,037	(5)
—	—	—	Contingency Fund	78	39	(39)
5,655	6,175	520	TOTAL BUDGETARY EXPENDITURE	12,975	12,924	(51)

¹ Includes program transfers from the Ministries of Health, Correctional Services and Attorney General.

NON-BUDGETARY TRANSACTIONS 1977-78

TABLE 4

Comparative Budget Performance			1977-78			
6 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1976-77	1977-78					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
28	30	2	Education Capital Aid Corporation	62	62	—
10	11	1	Universities Capital Aid Corporation	26	26	—
8	5	(3)	Investment in Environmental Protection	22	33	11
9	8	(1)	Ontario Development Corporations	21	19	(2)
11	11	—	Nuclear Power Generating Station	18	24	6
10	12	2	Loans to Public Hospitals	17	17	—
13	41	28	Ontario Mortgage Corporation	13	13	—
2	3	1	Tile Drainage Debentures	7	7	—
2	4	2	Ontario Junior Farmers	7	7	—
2	2	—	Municipal Works Assistance	5	5	—
1	3	2	Municipal Improvement Corporation	5	5	—
—	—	—	Ontario Housing Corporations	3	10	7
6	4	(2)	Other	4	7	3
102	134	32	Sub-Total	210	235	25
DISBURSEMENTS						
Loans and Investments						
78	63	(15)	Investment in Environmental Protection	164	157	(7)
85	50	(35)	Ontario Mortgage Corporation	98	87	(11)
32	18	(14)	Education Capital Aid Corporation	82	75	(7)
1	2	1	Regional and Municipal Public Works	42	28	(14)
15	15	—	Ontario Development Corporations	40	39	(1)
15	16	1	Ontario Housing Corporations	39	47	8
11	8	(3)	Loans to Public Hospitals	38	33	(5)
17	18	1	Universities Capital Aid Corporation	35	33	(2)
5	7	2	Tile Drainage Debentures	20	20	—
—	12	12	Ontario Transportation Development Corporation	18	18	—
1	2	1	Municipal Improvement Corporation	8	6	(2)
—	—	—	Ontario Land Corporation	8	8	—
—	—	—	Ontario Energy Corporation	5	6	1
—	1	1	Other	5	4	(1)
260	212	(48)	Sub-Total	602	561	(41)
158	78	(80)	NET INCREASE IN LENDING ACTIVITY	392	326	(66)

**NON-BUDGETARY
TRANSACTIONS 1977-78**

TABLE 5

Comparative Budget Performance			1977-78			
6 Months		Increase				
1976-77	1977-78	(Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
56	46	(10)	Public Service Superannuation Fund	244	244	—
9	10	1	Teachers' Superannuation Adjustment Fund	48	48	—
28	(9)	(37)	Province of Ontario Savings Deposits (Net)	40	40	—
—	11	11	The Provincial Lottery	33	24	(9)
3	12	9	Public Service Superannuation Adjustment Fund	28	33	5
6	7	1	Motor Vehicle Accident Claims Fund	23	18	(5)
44	4	(40)	Other	12	15	3
146	81	(65)	Sub-Total	428	422	(6)
CHARGES						
Payments from Special Purpose Accounts						
24	27	3	Public Service Superannuation Fund	58	58	—
21	19	(2)	Ontario Energy Corporation	31	32	1
6	6	—	Motor Vehicle Accident Claims Fund	15	15	—
—	—	—	The Provincial Lottery	11	8	(3)
3	4	1	Other	6	8	2
54	56	2	Sub-Total	121	121	—
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
92	25	(67)		307	301	(6)



DECEMBER 31, 1977

Ontario finances

This is the third quarter update on the performance of the 1977 Ontario Budget. It provides a revised outlook for the remainder of this fiscal year, along with a comparison of the first nine months' performance in the 1977-78 fiscal year with the same period in 1976-77.

Expenditure performance remains on target at \$13,606 million. Total expenditures for the first nine months of this fiscal year are up \$586 million or 6.5 per cent over the corresponding period in 1976-77. The outlook for the last three months reveals only one significant change — the need for an additional \$103 million contribution to the Teachers' Superannuation Fund. Substantial scope remains, however, to secure year-end savings in other spending areas to accommodate this additional outlay. Consequently, Management Board of Cabinet will scrutinize thoroughly fourth quarter spending to ensure year-end savings.

	1977-78 Budget Plan	1977-78 Revised Outlook	In-Year Change
	(Millions of Dollars)		
Revenues	12,621	11,992	— 629
Expenditures	13,698	13,606	— 92
Net Cash Requirements	1,077	1,614	+ 537

The revenue position, however, has shown a further deterioration of \$162 million since the September 30, 1977 Ontario Finances. This is entirely attributable to yet another downward adjustment by the federal government of its personal income tax payments to the Province. In addition to the \$350 million previous reduction, Ontario now must absorb a further \$175 million reduction in personal income tax flows in this fiscal year. This latest adjustment reflects Ottawa's revised estimate of the 1977 tax yield and the interprovincial distribution of that yield, a reduced estimate of the 1978 tax yield, plus the recovery of \$100 million in overpayments for the 1976 taxation year.

The estimates of revenues which the Province collects itself have also been revised, but here the increases and decreases balance off. The major changes include a \$20 million increase in sales tax reflecting the resurgence in consumer purchasing in the fall, and a \$39 million reduction in corporation tax based on an early sampling of corporations year-end statements.

The revised estimate of net cash requirements now stands at \$1,614 million. This represents an increase of \$537 million from the original budget plan, due almost entirely to the reduction of \$525 million in personal income tax payments in the fiscal year. With expenditures well under control, however, the Province can still finance this level of cash requirements from internal sources, without recourse to the public bond market.

The Honourable W. Darcy McKeough
minister

A. Rendall Dick
deputy minister

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1977-78

TABLE 1

Comparative Budget Performance			1977-78		
9 Months 1976-77	1977-78	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
7,235	7,860	625	Revenue (Table 2)	11,983	11,331 (652)
8,538	9,183	645	Expenditure (Table 3)	12,975	12,909 (66)
1,303	1,323	20	Budgetary Deficit	992	1,578 586
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
148	187	39	Receipts	210	245 35
403	335	(68)	Disbursements	602	576 (26)
255	148	(107)	Net Increase in Lending Activity (A)	392	331 (61)
Special Purpose Accounts (Table 5)					
187	144	(43)	Credits	428	416 (12)
82	91	9	Charges	121	121 —
105	53	(52)	Net Increase in Special Purpose Accounts (B)	307	295 (12)
150	95	(55)	Non-Budgetary Transactions (A-B)	85	36 (49)
1,453	1,418	(35)	NET CASH REQUIREMENTS¹	1,077	1,614 537
FINANCING					
Non-Public Borrowing					
643	724	81	Canada Pension Plan	850	863 13
133	142	9	Teachers' Superannuation Fund	260	475 215
161	169	8	Municipal Employees' Retirement Fund	190	190 —
27	35	8	CMHC Pollution Control Loans	43	43 —
(24)	(4)	20	Retirements	(8)	(8) —
940	1,066	126	Net Non-Public Borrowing	1,335	1,563 228
Public Borrowing					
(195)	—	195	Treasury Bills — Net	—	— —
(30)	(62)	(32)	Public Debentures — Net	(65)	(66) (1)
(225)	(62)	163	Net Public Borrowing	(65)	(66) (1)
(738)	(414)	324	Increase (Decrease) in Liquid Reserves	193	(117) (310)
1,453	1,418	(35)	TOTAL FINANCING	1,077	1,614 537

¹ Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1977-78

TABLE 2

Comparative Budget Performance			1977-78		
9 Months 1976-77	1977-78	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
TAXATION					
1,306	1,924	618	Personal Income Tax (Net of credits)	2,975	2,450 (525)
212	74	(138)	Revenue Guarantee	150	175 25
660	632	(28)	Corporation Income Tax	996	900 (96)
(6)	2	8	Capital and Premium Taxes	260	257 (3)
1,342	1,451	109	Mining Profits Tax	110	40 (70)
392	401	9	Retail Sales Tax	2,041	1,995 (46)
61	65	4	Gasoline Tax	525	525 —
114	153	39	Motor Vehicle Fuel Tax	104	89 (15)
46	54	8	Tobacco Tax	215	215 —
38	45	7	Succession Duty	56	75 19
5	5	—	Land Transfer Tax	60	62 2
31	33	2	Land Speculation Tax	9	8 (1)
—	—	—	Race Tracks Tax	48	46 (2)
(3)	1	4	Income Tax — Public Utilities	8	8 —
4,198	4,840	642	Other Taxation	27	3 (24)
			Total Taxation Revenue	7,584	6,848 (736)
OTHER REVENUE					
563	595	32	Premiums — OHIP	815	820 5
206	215	9	LCBO Profits	331	321 (10)
71	68	(3)	Vehicle Registration Fees	296	291 (5)
144	159	15	Other Fees and Licences	215	215 —
50	50	—	Ontario Lottery Profits	80	75 (5)
39	43	4	Fines and Penalties	60	59 (1)
27	32	5	Royalties	50	50 —
36	39	3	Sales and Rentals	45	47 2
33	37	4	Utility Service Charges	40	40 —
39	45	6	Miscellaneous	52	58 6
1,208	1,283	75	Total Other Revenue	1,984	1,976 (8)
FEDERAL GOVERNMENT PAYMENTS					
—	883	883	Established Programs Financing	1,106	1,233 127
695	29	(666)	Hospital Insurance	40	40 —
265	—	(265)	Medical Care	25	8 (17)
134	—	(134)	Post-Secondary Education Payments	15	— (15)
—	126	126	Extended Health Care Services	170	167 (3)
314	277	(37)	Canada Assistance Plan	376	384 8
50	53	3	Adult Occupational Training	91	88 (3)
26	28	2	Bilingualism Development	31	35 4
10	14	4	Economic Development	25	27 2
13	—	(13)	Rehabilitation of Offenders	17	— (17)
5	5	—	Vocational Rehabilitation	14	13 (1)
—	11	11	Reciprocal Taxation	—	22 22
24	31	7	Other Federal Payments	37	45 8
1,536	1,457	(79)	Total Federal Government Payments	1,947	2,062 115
293	280	(13)	Interest on Investments	468	445 (23)
7,235	7,860	625	TOTAL BUDGETARY REVENUE	11,983	11,331 (652)

BUDGETARY EXPENDITURE 1977-78

TABLE 3

Comparative Budget Performance			1977-78		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1976-77	1977-78				
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
2,386	2,572	186	Health	3,796	3,640 (156)
1,729	1,820	91	Education	2,130	2,344 214
772	821	49	Colleges and Universities	1,273	1,266 (7)
709	774	65	Community and Social Services	1,077	1,148 71
102	145	43	Culture and Recreation	166	193 27
5,698	6,132	434	Sub-Total	8,442	8,591 149
Resources Development Policy					
622	695	73	Transportation and Communications	1,045	1,018 (27)
174	173	(1)	Natural Resources	225	229 4
92	94	2	Housing	201	189 (12)
108	116	8	Agriculture and Food	172	165 (7)
64	68	4	Environment	104	105 1
36	32	(4)	Industry and Tourism	58	54 (4)
13	19	6	Labour	32	31 (1)
2	3	1	Energy	10	9 (1)
1,111	1,200	89	Sub-Total	1,847	1,800 (47)
Justice Policy					
74	80	6	Correctional Services	154	116 (38)
97	102	5	Solicitor General	147	157 10
83	90	7	Attorney General	131	130 (1)
41	44	3	Consumer and Commercial Relations	64	67 3
295	316	21	Sub-Total	496	470 (26)
Other Ministries					
392	391	(1)	Treasury, Economics and Intergovern- mental Affairs	420	417 (3)
188	171	(17)	Government Services	287	289 2
143	139	(4)	Revenue	205	194 (11)
62	79	17	Northern Affairs	120	119 (1)
11	23	12	Assembly	15	31 16
7	7	—	Management Board	9	8 (1)
2	3	1	Ombudsman	4	4 —
6	7	1	Other	10	11 1
811	820	9	Sub-Total	1,070	1,073 3
623	715	92	Public Debt — Interest	1,042	1,034 (8)
—	—	—	Contingency Fund	78	38 (40)
—	—	—	Last quarter constraints	—	(97) (97)
8,538	9,183	645	TOTAL BUDGETARY EXPENDITURE	12,975	12,909 (66)

NON-BUDGETARY TRANSACTIONS 1977-78

TABLE 4

Comparative Budget Performance			1977-78			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1976-77	1977-78					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
45	49	4	Education Capital Aid Corporation	62	62	—
16	17	1	Universities Capital Aid Corporation	26	26	—
14	10	(4)	Investment in Environmental Protection	22	33	11
12	10	(2)	Ontario Development Corporations	21	19	(2)
14	16	2	Nuclear Power Generating Station	18	24	6
7	9	2	Loans to Public Hospitals	17	17	—
13	42	29	Ontario Mortgage Corporation	13	24	11
5	6	1	Tile Drainage Debentures	7	7	—
5	5	—	Ontario Junior Farmers	7	5	(2)
3	3	—	Municipal Works Assistance	5	5	—
4	4	—	Municipal Improvement Corporation	5	5	—
2	8	6	Ontario Housing Corporations	3	10	7
8	8	—	Other	4	8	4
148	187	39	Sub-Total	210	245	35
DISBURSEMENTS						
Loans and Investments						
115	103	(12)	Investment in Environmental Protection	164	157	(7)
132	67	(65)	Ontario Mortgage Corporation	98	87	(11)
49	27	(22)	Education Capital Aid Corporation	82	75	(7)
3	4	1	Regional and Municipal Public Works	42	25	(17)
23	27	4	Ontario Development Corporations	40	39	(1)
24	22	(2)	Ontario Housing Corporations	39	43	4
18	15	(3)	Loans to Public Hospitals	38	33	(5)
23	24	1	Universities Capital Aid Corporation	35	33	(2)
11	13	2	Tile Drainage Debentures	20	20	—
—	18	18	Ontario Transportation Development Corporation	18	27	9
3	3	—	Municipal Improvement Corporation	8	6	(2)
—	—	—	Ontario Land Corporation	8	8	—
—	—	—	Ontario Energy Corporation	5	6	1
1	10	9	Crop Insurance Commission	—	13	13
1	2	1	Other	5	4	(1)
403	335	(68)	Sub-Total	602	576	(26)
255	148	(107)	NET INCREASE IN LENDING ACTIVITY	392	331	(61)

NON-BUDGETARY TRANSACTIONS 1977-78

TABLE 5

Comparative Budget Performance			1977-78		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1976-77	1977-78				
(Millions of Dollars)			(Millions of Dollars)		
CREDITS					
Payments into Special Purpose Accounts					
97	82	(15)	Public Service Superannuation Fund	244	243 (1)
14	15	1	Teachers' Superannuation Adjustment Fund	48	50 2
29	(4)	(33)	Province of Ontario Savings Deposits (Net)	40	26 (14)
—	21	21	The Provincial Lottery	33	30 (3)
6	20	14	Public Service Superannuation Adjustment Fund	28	32 4
9	10	1	Motor Vehicle Accident Claims Fund	23	18 (5)
32	—	(32)	Other	12	17 5
187	144	(43)	Sub-Total	428	416 (12)
CHARGES					
Payments from Special Purpose Accounts					
38	42	4	Public Service Superannuation Fund	58	58 —
30	26	(4)	Ontario Energy Corporation	31	33 2
9	10	1	Motor Vehicle Accident Claims Fund	15	15 —
—	6	6	The Provincial Lottery	11	8 (3)
5	7	2	Other	6	7 1
82	91	9	Sub-Total	121	121 —
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS					
105	53	(52)		307	295 (12)



JUNE 30, 1978

Ontario finances

This is the first progress report on the performance of the 1978 Ontario Budget. It incorporates all of the adjustments that have taken place to the revenue and expenditure forecasts since the Budget was presented in March. The current outlook for net cash requirements is \$1,390 million, or \$335 million above the budget target of \$1,055 million. There are two major policy changes to the original budget plan.

- First, on April 25, the Treasurer of Ontario announced that the increase in OHIP premiums would be partially rescinded and the resulting revenue loss of \$145 million would be fully recouped by a one point increase in the Corporation Income Tax rate and by spending cuts of \$73 million. There is no impact on net cash requirements.
- Second, a joint federal-provincial economic stimulation program was announced on April 10. This \$433 million program, which reduces the rate of retail sales tax from 7 per cent to 4 per cent, for the period April 11 to October 7, is to be financed two-thirds by Ottawa and one-third by Ontario. Federal transfers are therefore revised upwards by \$289 million. The Province's sales tax revenues are reduced by \$144 million and net cash requirements rise by a similar amount.

	1977-78	1978-79 Budget		1978-79	Change
	Actual	Original	Post-Budget	Revised	Over
	Results	Plan	Actions	Outlook	1977-78
		(Millions of Dollars)			%
Revenues	11,782	13,500	13,283	13,092	11.1
Expenditures	13,544	14,555	14,482	14,482	6.9
Net Cash Requirements	1,762	1,055	1,199	1,390	

In addition, the forecast for net cash requirements has been raised by a further \$191 million, largely because of the lower than anticipated final revenue results for 1977-78. Figures for the 1977-78 fiscal year, which became available in April, show that March receipts for the Corporation Income Tax and Retail Sales Tax were less than forecast in the 1978 Budget.

Other significant revenue changes are as follows:

(i) The federal Department of Finance has revised its forecast of Personal Income Tax (PIT) payments following the release of the first quarter National Accounts results. Overall, the estimate has been reduced by \$68 million. However, this adjustment has an effect upon the Transitional Payments portion of Established Programs Financing (EPF) payments which are linked to the value of the PIT yield. The 1978-79 EPF estimate has been increased by \$78 million, \$29 million of which is a payment of prior years' entitlement following revisions to the 1977-78 estimate. (ii) Increasing competition in the lotteries field has led to a decline in ticket sales for the Wintario and Provincial Lotteries. The estimate has been reduced by \$10 million for each lottery.

In contrast to revenues, current expenditures remain on the post-budget target of \$14,482. The need for an additional \$43 million to finance increases in areas such as public debt interest; adult occupational training grants; and, the Ontario Youth Employment Program, will be accommodated through subsequent constraints.

To accommodate in-year cash-flow variations, a temporary increase in Treasury Bill offerings to \$25 million per week has taken place.

For the first three months ended June 30, 1978, revenues amounted to \$2,714 million, or 6.8 per cent above the same period last year. Expenditures were \$3,475 million, for an increase of 6.7 per cent over the same period in 1977-78.

The Honourable W. Darcy McKeough
minister

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**STATEMENT OF CASH REQUIREMENTS
AND RELATED FINANCING 1978-79**

TABLE 1

Comparative Budget Performance			1978-79			
3 Months		Increase		Budget	Revised	Increase
1977-78	1978-79	(Decrease)		Estimate	Estimate	(Decrease)
(Millions of Dollars)			BUDGETARY TRANSACTIONS	(Millions of Dollars)		
2,430	2,593	163	Revenue (Table 2)	12,645	12,245	(400)
3,148	3,396	248	Expenditure (Table 3)	14,005	13,965	(40)
718	803	85	Budgetary Deficit	1,360	1,720	360
			NON-BUDGETARY TRANSACTIONS			
			Lending and Investment Activity (Table 4)			
53	89	36	Receipts	376	376	—
80	53	(27)	Disbursements	453	418	(35)
27	(36)	(63)	Net Increase in Lending Activity (A)	77	42	(35)
			Special Purpose Accounts (Table 5)			
59	32	(27)	Credits	479	471	(8)
28	26	(2)	Charges	97	99	2
31	6	(25)	Net Increase in Special Purpose Accounts (B)	382	372	(10)
(4)	(42)	(38)	Non-Budgetary Transactions (A-B)	(305)	(330)	(25)
714	761	47	NET CASH REQUIREMENTS ¹	1,055	1,390	335
			FINANCING			
			Non-Public Borrowing			
327	355	28	Canada Pension Plan	910	910	—
62	69	7	Teachers' Superannuation Fund	450	511	61
64	75	11	Municipal Employees' Retirement Fund	100	100	—
16	16	—	CMHC Pollution Control Loans	56	56	—
(1)	(5)	(4)	Retirements	(19)	(19)	—
468	510	42	Net Non-Public Borrowing	1,497	1,558	61
			Public Borrowing			
—	150	150	Treasury Bills — Net	—	—	—
—	(32)	(32)	Public Debentures — Net	(80)	(80)	—
—	118	118	Net Public Borrowing	(80)	(80)	—
(246)	(133)	113	Increase in Liquid Reserves	362	88	(274)
714	761	47	TOTAL FINANCING	1,055	1,390	335

¹ Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1978-79

TABLE 2

Comparative Budget Performance			1978-79		
3 Months	Increase		Budget	Revised	Increase
1977-78	1978-79	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
681	572	(109)	TAXATION		
—	—	—	Personal Income Tax (Net of credits)	2,752	2,684 (68)
188	215	27	Revenue Guarantee	40	40 —
—	—	—	Corporation Income Tax	1,045	968 (77)
447	386	(61)	Capital Tax	242	242 —
125	128	3	Insurance Premiums Tax	85	85 —
21	23	2	Mining Profits Tax	33	33 —
—	12	12	Retail Sales Tax	2,165	1,670 (495)
35	58	23	Gasoline Tax	537	537 —
10	10	—	Motor Vehicle Fuel Tax	93	93 —
2	2	—	Reciprocal Taxation	49	48 (1)
21	18	(3)	Tobacco Tax	253	261 8
10	10	—	Land Transfer Tax	68	68 —
—	—	—	Land Speculation Tax	9	8 (1)
1	1	—	Succession Duty	70	70 —
1,541	1,435	(106)	Race Tracks Tax	46	46 —
			Income Tax — Public Utilities	8	8 —
			Other Taxation	3	3 —
			Total Taxation Revenue	7,498	6,864 (634)
			OTHER REVENUE		
189	209	20	Premiums — OHIP	1,120	975 (145)
43	60	17	LCBO Profits	350	365 15
28	43	15	Vehicle Registration Fees	305	282 (23)
53	55	2	Other Fees and Licences	234	234 —
20	15	(5)	Ontario Lottery Profits	70	60 (10)
13	14	1	Fines and Penalties	65	65 —
12	14	2	Royalties	52	52 —
9	10	1	Sales and Rentals	50	55 5
12	16	4	Utility Service Charges	44	44 —
18	22	4	Miscellaneous	61	61 —
397	458	61	Total Other Revenue	2,351	2,193 (158)
			FEDERAL GOVERNMENT PAYMENTS		
277	373	96	Established Programs Financing	1,492	1,570 78
—	—	—	Hospital Insurance	39	39 —
42	47	5	Extended Health Care Services	188	188 —
80	81	1	Canada Assistance Plan	420	424 4
14	24	10	Adult Occupational Training	88	102 14
—	7	7	Bilingualism Development	37	41 4
4	1	(3)	Economic Development	20	20 —
—	1	1	Vocational Rehabilitation	14	14 —
—	96	96	Economic Stimulation	—	289 289
10	9	(1)	Other Federal Payments	46	49 3
427	639	212	Total Federal Government Payments	2,344	2,736 392
65	61	(4)	Interest on Investments	452	452 —
2,430	2,593	163	TOTAL BUDGETARY REVENUE	12,645	12,245 (400)

**BUDGETARY
EXPENDITURE 1978-79**

TABLE 3

Comparative Budget Performance			1978-79			
3 Months		Increase				
1977-78	1978-79	(Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
790	837	47	Health	3,945	3,941	(4)
940	962	22	Education	2,399	2,399	—
225	241	16	Colleges and Universities	1,369	1,378	9
196	236	40	Community and Social Services	1,226	1,226	—
50	58	8	Culture and Recreation	181	181	—
2,201	2,334	133	Sub-Total	9,120	9,125	5
Resources Development Policy						
209	208	(1)	Transportation and Communications	1,060	1,075	15
52	55	3	Natural Resources	247	253	6
25	18	(7)	Housing	201	197	(4)
20	22	2	Agriculture and Food	176	169	(7)
21	17	(4)	Environment	127	126	(1)
10	10	—	Industry and Tourism	62	63	1
4	6	2	Labour	36	36	—
1	1	—	Energy	13	13	—
342	337	(5)	Sub-Total	1,922	1,932	10
Justice Policy						
26	27	1	Solicitor General	167	165	(2)
29	29	—	Attorney General	136	139	3
28	23	(5)	Correctional Services	123	124	1
10	10	—	Consumer and Commercial Relations	64	64	—
93	89	(4)	Sub-Total	490	492	2
Other Ministries						
130	220	90	Treasury, Economics and Intergovern- mental Affairs	532	541	9
63	67	4	Government Services	262	260	(2)
41	40	(1)	Revenue	203	197	(6)
4	9	5	Northern Affairs	140	130	(10)
14	4	(10)	Assembly	17	17	—
3	3	—	Management Board	9	10	1
1	1	—	Ombudsman	4	4	—
2	2	—	Other	11	11	—
258	346	88	Sub-Total	1,178	1,170	(8)
254	290	36	Public Debt — Interest	1,196	1,217	21
—	—	—	Contingency Fund	99	72	(27)
—	—	—	Funds to be Constrained	—	(43)	(43)
3,148	3,396	248	TOTAL BUDGETARY EXPENDITURE	14,005	13,965	(40)

NON-BUDGETARY TRANSACTIONS 1978-79

TABLE 4

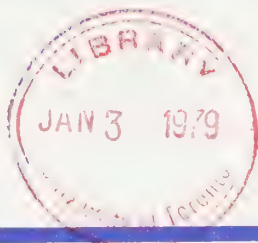
Comparative Budget Performance			1978-79			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
19	49	30	Ontario Mortgage Corporation	144	144	—
11	12	1	Education Capital Aid Corporation	66	66	—
1	5	4	Investment in Environmental Protection	33	33	—
4	4	—	Universities Capital Aid Corporation	28	28	—
5	4	(1)	Nuclear Power Generating Station	23	23	—
4	3	(1)	Ontario Development Corporations	19	19	—
—	—	—	Loans to Public Hospitals	18	18	—
1	1	—	Tile Drainage Debentures	9	9	—
—	—	—	Ontario Housing Corporations	9	9	—
—	—	—	Municipal Improvement Corporation	5	5	—
4	4	—	Ontario Junior Farmers	4	4	—
1	1	—	Municipal Works Assistance	4	4	—
3	6	3	Other	14	14	—
53	89	36	Sub-Total	376	376	—
DISBURSEMENTS						
Loans and Investments						
21	35	14	Investment in Environmental Protection	153	153	—
3	—	(3)	Education Capital Aid Corporation	79	79	—
8	9	1	Ontario Development Corporations	47	37	(10)
4	2	(2)	Ontario Housing Corporations	33	31	(2)
—	—	—	Ontario Land Corporation	30	30	—
—	—	—	Regional and Municipal Public Works	26	23	(3)
28	1	(27)	Ontario Mortgage Corporation	22	22	—
—	—	—	Ontario Transportation Development Corporation	20	1	(20)
—	—	—	Tile Drainage Debentures	18	18	—
—	6	6	Ontario Energy Corporation	15	15	—
1	—	(1)	Municipal Improvement Corporation	5	5	—
2	—	(2)	Loans to Public Hospitals	—	—	—
12	—	(12)	Universities Capital Aid Corporation	—	—	—
1	—	(1)	Other	5	5	—
80	53	(27)	Sub-Total	453	418	(35)
27	(36)	(63)	NET INCREASE IN LENDING ACTIVITY	77	42	(35)

¹ Transferred to Ministry of Transportation and Communications (Table 3)

**NON-BUDGETARY
TRANSACTIONS 1978-79**

TABLE 5

Comparative Budget Performance			1978-79			
3 Months		Increase				
1977-78	1978-79	(Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)				(Millions of Dollars)		
CREDITS						
Payments into Special Purpose Accounts						
17	14	(3)	Public Service Superannuation Fund	297	298	1
5	6	1	Teachers' Superannuation Adjustment Fund	62	62	—
5	3	(2)	Public Service Superannuation Adjustment Fund	31	31	—
4	3	(1)	The Provincial Lottery	30	20	(10)
13	6	(7)	Province of Ontario Savings Deposits (Net)	28	28	—
4	4	—	Motor Vehicle Accident Claims Fund	18	18	—
11	(4)	(15)	Other	13	14	1
59	32	(27)	Sub-Total	479	471	(8)
CHARGES						
Payments from Special Purpose Accounts						
14	16	2	Public Service Superannuation Fund	62	62	—
3	3	—	Motor Vehicle Accident Claims Fund	18	18	—
—	3	3	The Provincial Lottery	11	11	—
10	—	(10)	Ontario Energy Corporation	—	—	—
1	4	3	Other	6	8	2
28	26	(2)	Sub-Total	97	99	2
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
31	6	(25)		382	372	(10)



Ontario finances

This is the second-quarter update on the performance of the 1978 Ontario Budget. It provides a revised outlook for the remainder of 1978-79, and also a comparison of the first six months' performance this fiscal year with the same period in 1977-78.

Net cash requirements for 1978-79 are now projected at \$1,496 million, up \$106 million from the June 30 report and \$297 million higher than the post-budget target of \$1,199 million. This increase, which is entirely due to a drop in revenues, will be financed from internal sources with no net new public borrowing this fiscal year. Despite the deterioration, net cash requirements for this fiscal year are projected at \$266 million lower than last year.

	1977-78	1978-79 Budget		1978-79	Change
	Actual Results	Original Plan	Post-Budget Actions	Revised Outlook	Over 1977-78
		(Millions of Dollars)			%
Revenues	11,782	13,500	13,283	12,986	10.2
Expenditures	13,544	14,555	14,482	14,482	6.9
Net Cash Requirements	1,762	1,055	1,199	1,496	

Reflecting the Government's determination to hold the line on expenditures, the forecast of \$14,482 million for 1978-79 remains unchanged. Within this control total, additional funding requirements have been met in the following major areas since the June report: Wintario projects \$34 million; payments to doctors \$28 million; general welfare assistance \$8 million; equity investment in Syncrude \$6 million; payments to the Ontario Farm Income Stabilization Fund \$4 million; outflows from the Public Service Superannuation Fund \$6 million; and, payments to local governments \$5 million. These increases have been accommodated by securing offsetting savings in other government operations. The forecast expenditure growth rate is 6.9 per cent, less than the current rate of inflation.

Several adjustments have been made to the revenue forecast as a result of second quarter performance, resulting in a net reduction of \$106 million. The estimate for Corporations Income Tax has been reduced by \$57 million. Corporations are continuing to make installment payments that are based on last year's profits and as yet do not reflect the recent tax rate increase. In addition, refunds so far this year have been running at a high rate. Interest income is reduced by \$10 million due to a lower level of lending and investment activity. Mining Profits Tax is down \$8 million, consistent with the current outlook for world metal markets. The federal government has revised its estimate of reciprocal taxation down by \$8 million to take account of a shift in its regional spending pattern. Overall revenue growth this year is expected to be 10.2 per cent. The expenditure growth rate is being constrained well below this target.

For the six months ended September 30, 1978, revenues amounted to \$5,759 million or 8.5 per cent over the first half of 1977-78. During the same period expenditures were \$6,870 million, for an increase of 6.6 per cent over the same period last fiscal year.

The Honourable Frank S. Miller
minister

A. Rendall Dick
deputy minister

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1978-79

TABLE 1

Comparative Budget Performance			1978-79			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
BUDGETARY TRANSACTIONS						
5,091	5,429	338	Revenue (Table 2)	12,645	12,142	(503)
6,187	6,662	475	Expenditure (Table 3)	14,005	13,974	(31)
1,096	1,233	137	Budgetary Deficit	1,360	1,832	472
NON-BUDGETARY TRANSACTIONS						
Lending and Investment Activity (Table 4)						
134	235	101	Receipts	376	369	(7)
200	152	(48)	Disbursements	453	402	(51)
66	(83)	(149)	Net Increase in Lending Activity (A)	77	33	(44)
Special Purpose Accounts (Table 5)						
81	95	14	Credits	479	475	(4)
56	56	—	Charges	97	106	9
25	39	14	Net Increase in Special Purpose Accounts (B)	382	369	(13)
41	(122)	(163)	Non-Budgetary Transactions (A-B)	(305)	(336)	(31)
1,137	1,111	(26)	NET CASH REQUIREMENTS¹	1,055	1,496	441
FINANCING						
Non-Public Borrowing						
550	588	38	Canada Pension Plan	910	910	—
62	69	7	Teachers' Superannuation Fund	450	458	8
85	83	(2)	Municipal Employees' Retirement Fund	100	100	—
24	30	6	CMHC Pollution Control Loans	56	56	—
(5)	(10)	(5)	Retirements	(19)	(22)	(3)
716	760	44	Net Non-Public Borrowing	1,497	1,502	5
Public Borrowing						
—	195	195	Treasury Bills — Net	—	—	—
(1)	(32)	(31)	Public Debentures — Net	(80)	(80)	—
(1)	163	164	Net Public Borrowing	(80)	(80)	—
(422)	(188)	234	Increase in Liquid Reserves	362	(74)	(436)
1,137	1,111	(26)	TOTAL FINANCING	1,055	1,496	441

¹Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

**BUDGETARY
REVENUE 1978-79**

TABLE 2

Comparative Budget Performance			1978-79		
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1977-78	1978-79				
(Millions of Dollars)			(Millions of Dollars)		
1,298	1,119	(179)	TAXATION		
—	—	—	2,752	2,684	(68)
451	494	43	40	40	—
2	4	2	1,045	911	(134)
944	716	(228)	242	242	—
270	277	7	85	85	—
42	46	4	33	25	(8)
—	24	24	2,165	1,670	(495)
92	117	25	537	537	—
28	29	1	93	93	—
4	3	(1)	49	40	(9)
40	31	(9)	253	262	9
22	23	1	68	68	—
—	—	—	9	4	(5)
1	1	—	70	68	(2)
3,194	2,884	(310)	46	46	—
391	446	55	8	8	—
125	155	30	3	3	—
43	63	20	7,498	6,786	(712)
113	122	9	OTHER REVENUE		
35	27	(8)	1,120	975	(145)
28	29	1	350	365	15
21	25	4	305	282	(23)
26	24	(2)	234	230	(4)
24	30	6	70	54	(16)
29	31	2	65	65	—
835	952	117	52	53	1
553	789	236	50	54	4
—	—	—	44	44	—
84	94	10	61	60	(1)
180	186	6	2,351	2,182	(169)
31	42	11	FEDERAL GOVERNMENT PAYMENTS		
19	25	6	1,492	1,569	77
8	3	(5)	39	39	—
3	4	1	188	188	—
—	241	241	420	425	5
18	18	—	88	102	14
896	1,402	506	37	41	4
166	191	25	20	15	(5)
5,091	5,429	338	14	14	—
553	789	236	—	289	289
—	—	—	46	50	4
84	94	10	2,344	2,732	388
180	186	6	452	442	(10)
31	42	11	12,645	12,142	(503)
19	25	6			
8	3	(5)			
3	4	1			
—	241	241			
18	18	—			
896	1,402	506			
166	191	25			
5,091	5,429	338			

BUDGETARY EXPENDITURE 1978-79

TABLE 3

Comparative Budget Performance			1978-79			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
1,673	1,795	122	Health	3,945	3,939	(6)
1,352	1,421	69	Education	2,399	2,384	(15)
518	582	64	Colleges and Universities	1,369	1,375	6
499	536	37	Community and Social Services	1,226	1,234	8
106	112	6	Culture and Recreation	181	201	20
4,148	4,446	298	Sub-Total	9,120	9,133	13
Resources Development Policy						
510	517	7	Transportation and Communications	1,060	1,075	15
126	126	—	Natural Resources	247	250	3
68	65	(3)	Housing	201	192	(9)
48	51	3	Agriculture and Food	176	170	(6)
46	42	(4)	Environment	127	120	(7)
20	22	2	Industry and Tourism	62	61	(1)
12	15	3	Labour	36	35	(1)
2	2	—	Energy	13	12	(1)
832	840	8	Sub-Total	1,922	1,915	(7)
Justice Policy						
64	66	2	Solicitor General	167	169	2
62	65	3	Attorney General	136	140	4
53	56	3	Correctional Services	123	127	4
29	29	—	Consumer and Commercial Relations	64	65	1
208	216	8	Sub-Total	490	501	11
Other Ministries						
Treasury, Economics and Intergovern- mental Affairs						
287	363	76		532	541	9
120	134	14	Government Services	262	258	(4)
91	89	(2)	Revenue	203	194	(9)
39	51	12	Northern Affairs	140	130	(10)
19	8	(11)	Assembly	17	21	4
5	4	(1)	Management Board	9	9	—
2	2	—	Ombudsman	4	4	—
4	4	—	Other	11	11	—
567	655	88	Sub-Total	1,178	1,168	(10)
432	505	73	Public Debt — Interest	1,196	1,218	22
—	—	—	Contingency Fund	99	63	(36)
—	—	—	Funds to be Constrained	—	(24)	(24)
6,187	6,662	475	TOTAL BUDGETARY EXPENDITURE	14,005	13,974	(31)

NON-BUDGETARY TRANSACTIONS 1978-79

TABLE 4

Comparative Budget Performance			1978-79			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
41	128	87	Ontario Mortgage Corporation	144	144	—
30	33	3	Education Capital Aid Corporation	66	67	1
5	18	13	Investment in Environmental Protection	33	33	—
11	12	1	Universities Capital Aid Corporation	28	28	—
11	10	(1)	Nuclear Power Generating Station	23	23	—
8	6	(2)	Ontario Development Corporations	19	19	—
12	12	—	Loans to Public Hospitals	18	18	—
3	1	(2)	Tile Drainage Debentures	9	9	—
—	—	—	Ontario Housing Corporations	9	9	—
3	1	(2)	Municipal Improvement Corporation	5	4	(1)
4	3	(1)	Ontario Junior Farmers	4	4	—
1	2	1	Municipal Works Assistance	4	4	—
5	9	4	Other	14	7	(7)
134	235	101	Sub-Total	376	369	(7)
DISBURSEMENTS						
Loans and Investments						
63	72	9	Investment in Environmental Protection	153	153	—
18	9	(9)	Education Capital Aid Corporation	79	70	(9)
15	17	2	Ontario Development Corporations	47	37	(10)
16	10	(6)	Ontario Housing Corporations	33	29	(4)
—	13	13	Ontario Land Corporation	30	28	(2)
2	—	(2)	Regional and Municipal Public Works	26	18	(8)
50	6	(44)	Ontario Mortgage Corporation	22	17	(5)
—	—	—	Ontario Transportation Development Corporation	20	1	(20)
7	7	—	Tile Drainage Debentures	18	18	—
—	13	13	Ontario Energy Corporation	15	21	6
2	—	(2)	Municipal Improvement Corporation	5	5	—
8	—	(8)	Loans to Public Hospitals	—	—	—
18	—	(18)	Universities Capital Aid Corporation	—	—	—
1	5	4	Other	5	6	1
200	152	(48)	Sub-Total	453	402	(51)
66	(83)	(149)	NET INCREASE IN LENDING ACTIVITY	77	33	(44)

¹ Transferred to Ministry of Transportation and Communications (Table 3)

**NON-BUDGETARY
TRANSACTIONS 1978-79**

TABLE 5

Comparative Budget Performance			1978-79			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
46	49	3	Public Service Superannuation Fund	297	301	4
10	11	1	Teachers' Superannuation Adjustment Fund	62	62	—
12	10	(2)	Public Service Superannuation Adjustment Fund	31	32	1
11	7	(4)	The Provincial Lottery	30	15	(15)
(8)	6	14	Province of Ontario Savings Deposits (Net)	28	28	—
7	7	—	Motor Vehicle Accident Claims Fund	18	19	1
3	5	2	Other	13	18	5
81	95	14	Sub-Total	479	475	(4)
CHARGES						
Payments from Special Purpose Accounts						
27	33	6	Public Service Superannuation Fund	62	68	6
6	7	1	Motor Vehicle Accident Claims Fund	18	18	—
—	5	5	The Provincial Lottery	11	12	1
19	—	(19)	Ontario Energy Corporation	—	—	—
4	11	7	Other	6	8	2
56	56	—	Sub-Total	97	106	9
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
25	39	14		382	369	(13)



Ontario finances

This is the third quarter update on the performance of the 1978 Ontario Budget. It provides a revised outlook for the remainder of 1978-79, and also a comparison of the first nine months' performance in this fiscal year with the same period in 1977-78.

Net cash requirements for 1978-79 are now projected at \$1,414 million, down \$82 million from the September 30th report and \$348 million lower than last year. This report incorporates the Government's decision to continue with the Treasury Bill program.

	1977-78 Actual Results	1978-79 Budget		1978-79 Revised Outlook	Change Over 1977-78
		Original Plan	Post-Budget Actions		
		(Millions of Dollars)			%
Revenues	11,782	13,500	13,283	13,068	10.9
Expenditures	13,544	14,555	14,482	14,482	6.9
Net Cash Requirements	1,762	1,055	1,199	1,414	

During the last quarter the \$24 million of overruns identified in the September 30th, 1978, Ontario Finances as "Funds to be Constrained" have been absorbed. Consequently, the expenditure outlook remains unchanged at \$14,482 million. Additional spending pressures for social services and public debt interest, amounting to \$20 million, were offset from further internal savings.

Also in the third quarter there has been a marked improvement in the Province's revenue position. In particular, the personal income tax is now showing an improvement, with the Federal Department of Finance raising the estimate for the 1978 tax year by \$31 million. In addition, an audit of the 1977 personal income tax returns shows that the Federal Government underpaid Ontario by \$20 million in 1977. This amount will be paid in March. The Province's entitlement under Established Programs Financing (EPF) has increased reflecting the inclusion of an additional \$20 million in the Hospital Insurance portion of the EPF program base. Originally, this increase in federal transfers was not expected to take place until 1979-80. On the other hand, growing competition in the lottery fields and the start-up costs of the new Lottario lottery, have led to a further reduction in the estimate of Ontario lottery profits to \$39 million, a fall of \$15 million from the last Ontario Finances.

For the nine months ended December 31, 1978, revenues amounted to \$8,931 million or 9 per cent over the same period in 1977-78. Expenditures on the other hand were \$10,243 million, for an increase of only 6.6 per cent over the same period last fiscal year.

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**STATEMENT OF CASH REQUIREMENTS
AND RELATED FINANCING 1978-79**

TABLE 1

Comparative Budget Performance			1978-79		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1977-78	1978-79				
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
7,860	8,460	600	Revenue (Table 2)	12,645	12,207 (438)
9,201	9,903	702	Expenditure (Table 3)	14,005	13,976 (29)
1,341	1,443	102	Budgetary Deficit	1,360	1,769 409
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4) —					
187	316	129	Receipts	376	383 7
317	260	(57)	Disbursements	453	396 (57)
130	(56)	(186)	Net Increase in Lending Activity (A)	77	13 (64)
Special Purpose Accounts (Table 5)					
144	155	11	Credits	479	478 (1)
91	80	(11)	Charges	97	110 13
53	75	22	Net Increase in Special Purpose Accounts (B)	382	368 (14)
77	(131)	(208)	Non-Budgetary Transactions (A-B)	(305)	(355) (50)
1,418	1,312	(106)	NET CASH REQUIREMENTS¹	1,055	1,414 359
FINANCING					
Non-Public Borrowing					
724	764	40	Canada Pension Plan	910	910 —
142	188	46	Teachers' Superannuation Fund	450	486 36
169	100	(69)	Municipal Employees' Retirement Fund	100	100 —
40	41	1	CMHC Pollution Control Loans	56	56 —
(9)	(14)	(5)	Retirements	(19)	(22) (3)
1,066	1,079	13	Net Non-Public Borrowing	1,497	1,530 33
Public Borrowing					
—	195	195	Treasury Bills — Net	—	195 195
(62)	(32)	30	Public Debentures — Net	(80)	(78) 2
(62)	163	225	Net Public Borrowing	(80)	117 197
(414)	(70)	344	Increase in Liquid Reserves	362	233 (129)
1,418	1,312	(106)	TOTAL FINANCING	1,055	1,414 359

¹ Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1978-79

TABLE 2

Comparative Budget Performance			1978-79			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
TAXATION						
1,924	1,883	(41)	Personal Income Tax (Net of credits)	2,752	2,728	(24)
74	44	(30)	Revenue Guarantee	40	44	4
632	739	107	Corporation Income Tax	1,045	911	(134)
			Capital Tax	242	242	—
			Insurance Premiums Tax	85	85	—
2	3	1	Mining Profits Tax	33	25	(8)
1,451	1,172	(279)	Retail Sales Tax	2,165	1,670	(495)
401	413	12	Gasoline Tax	537	537	—
65	72	7	Motor Vehicle Fuel Tax	93	93	—
11	32	21	Reciprocal Taxation	49	40	(9)
153	184	31	Tobacco Tax	253	262	9
45	48	3	Land Transfer Tax	68	67	(1)
5	4	(1)	Land Speculation Tax	9	5	(4)
54	47	(7)	Succession Duty	70	63	(7)
33	35	2	Race Tracks Tax	46	47	1
—	—	—	Income Tax — Public Utilities	8	15	7
1	1	—	Other Taxation	3	3	—
4,851	4,677	(174)	Total Taxation Revenue	7,498	6,837	(661)
OTHER REVENUE						
595	694	99	Premiums — OHIP	1,120	975	(145)
215	254	39	LCBO Profits	350	365	15
68	87	19	Vehicle Registration Fees	305	290	(15)
159	178	19	Other Fees and Licences	234	229	(5)
50	29	(21)	Ontario Lottery Profits	70	39	(31)
43	46	3	Fines and Penalties	65	64	(1)
32	38	6	Royalties	52	57	5
39	39	—	Sales and Rentals	50	54	4
37	45	8	Utility Service Charges	44	47	3
45	45	—	Miscellaneous	61	60	(1)
1,283	1,455	172	Total Other Revenue	2,351	2,180	(171)
FEDERAL GOVERNMENT PAYMENTS						
883	1,180	297	Established Programs Financing	1,492	1,590	98
29	—	(29)	Hospital Insurance	39	34	(5)
126	141	15	Extended Health Care Services	188	188	—
277	304	27	Canada Assistance Plan	420	436	16
53	67	14	Adult Occupational Training	88	98	10
28	34	6	Bilingualism Development	37	41	4
14	6	(8)	Economic Development	20	15	(5)
5	7	2	Vocational Rehabilitation	14	13	(1)
—	288	288	Economic Stimulation	—	288	288
31	26	(5)	Other Federal Payments	46	47	1
1,446	2,053	607	Total Federal Government Payments	2,344	2,750	406
280	275	(5)	Interest on Investments	452	440	(12)
7,860	8,460	600	TOTAL BUDGETARY REVENUE	12,645	12,207	(438)

**BUDGETARY
EXPENDITURE 1978-79**

TABLE 3

Comparative Budget Performance			1978-79		
9 Months		Increase			
1977-78	1978-79	(Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
2,572	2,765	193	Health	3,945	3,938 (7)
1,820	1,903	83	Education	2,399	2,383 (16)
821	925	104	Colleges and Universities	1,369	1,374 5
774	833	59	Community and Social Services	1,226	1,239 13
145	150	5	Culture and Recreation	181	206 25
6,132	6,576	444	Sub-Total	9,120	9,140 20
Resources Development Policy					
713	745	32	Transportation and Communications	1,060	1,074 14
173	176	3	Natural Resources	247	249 2
94	85	(9)	Housing	201	183 (18)
116	76	(40)	Agriculture and Food	176	168 (8)
68	68	—	Environment	127	127 —
32	35	3	Industry and Tourism	62	61 (1)
19	22	3	Labour	36	36 —
3	4	1	Energy	13	12 (1)
1,218	1,211	(7)	Sub-Total	1,922	1,910 (12)
Justice Policy					
102	106	4	Solicitor General	167	170 3
90	96	6	Attorney General	136	141 5
80	87	7	Correctional Services	123	127 4
44	45	1	Consumer and Commercial Relations	64	66 2
316	334	18	Sub-Total	490	504 14
Other Ministries					
381	488	107	Intergovernmental Affairs	510	518 8
171	189	18	Government Services	262	259 (3)
139	136	(3)	Revenue	203	196 (7)
79	94	15	Northern Affairs	140	130 (10)
10	12	2	Treasury and Economics	22	26 4
23	12	(11)	Assembly	17	22 5
7	7	—	Management Board	9	9 —
3	3	—	Ombudsman	4	4 —
7	6	(1)	Other	11	11 —
820	947	127	Sub-Total	1,178	1,175 (3)
715	835	120	Public Debt — Interest	1,196	1,231 35
—	—	—	Contingency Fund	99	16 (83)
9,201	9,903	702	TOTAL BUDGETARY EXPENDITURE	14,005	13,976 (29)

NON-BUDGETARY TRANSACTIONS 1978-79

TABLE 4

Comparative Budget Performance			1978-79			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
42	155	113	RECEIPTS			
49	53	4	Repayments of Loans and Investments			
10	22	12	Ontario Mortgage Corporation	144	144	—
17	19	2	Education Capital Aid Corporation	66	67	1
16	16	—	Investment in Environmental Protection	33	40	7
10	10	—	Universities Capital Aid Corporation	28	28	—
9	9	—	Nuclear Power Generating Station	23	21	(2)
6	7	1	Ontario Development Corporations	19	19	—
8	—	(8)	Loans to Public Hospitals	18	18	—
4	3	(1)	Tile Drainage Debentures	9	9	—
5	6	1	Ontario Housing Corporations	9	17	8
3	3	—	Municipal Improvement Corporation	5	5	—
8	13	5	Ontario Junior Farmers	4	4	—
187	316	129	Municipal Works Assistance	4	4	—
			Other	14	7	(7)
			Sub-Total	376	383	7
			DISBURSEMENTS			
			Loans and Investments			
103	115	12	Investment in Environmental Protection	153	147	(6)
27	38	11	Education Capital Aid Corporation	79	71	(8)
27	27	—	Ontario Development Corporations	47	37	(10)
22	14	(8)	Ontario Housing Corporations	33	29	(4)
—	14	14	Ontario Land Corporation	30	28	(2)
4	3	(1)	Regional and Municipal Public Works	26	20	(6)
67	12	(55)	Ontario Mortgage Corporation	22	17	(5)
—	—	—	Ontario Transportation Development Corporation	20	—	(20)
13	14	1	Tile Drainage Debentures	18	18	—
—	20	20	Ontario Energy Corporation	15	21	6
3	1	(2)	Municipal Improvement Corporation	5	2	(3)
15	—	(15)	Loans to Public Hospitals	—	—	—
24	—	(24)	Universities Capital Aid Corporation	—	—	—
10	—	(10)	Crop Insurance Commission	—	—	—
2	2	—	Other	5	6	1
317	260	(57)	Sub-Total	453	396	(57)
130	(56)	(186)	NET INCREASE IN LENDING ACTIVITY	77	13	(64)

¹ Transferred to Ministry of Transportation and Communications (Table 3)

**NON-BUDGETARY
TRANSACTIONS 1978-79**

TABLE 5

Comparative Budget Performance			1978-79			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1977-78	1978-79					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
82	78	(4)	Public Service Superannuation Fund	297	301	4
15	16	1	Teachers' Superannuation Adjustment Fund	62	61	(1)
20	14	(6)	Public Service Superannuation Adjustment Fund	31	32	1
21	7	(14)	The Provincial Lottery	30	15	(15)
			Province of Ontario Savings Deposits (Net)	28	33	5
(4)	22	26	Motor Vehicle Accident Claims Fund	18	18	—
10	10	—	Other	13	18	5
—	8	8				
144	155	11	Sub-Total	479	478	(1)
CHARGES						
Payments from Special Purpose Accounts						
42	51	9	Public Service Superannuation Fund	62	72	10
10	11	1	Motor Vehicle Accident Claims Fund	18	18	—
6	6	—	The Provincial Lottery	11	12	1
26	—	(26)	Ontario Energy Corporation	—	—	—
7	12	5	Other	6	8	2
91	80	(11)	Sub-Total	97	110	13
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
53	75	22		382	368	(14)

Ontario finances

This report covers the first quarter's activity and presents an update on the 1979 Ontario Budget. It shows a revised cash requirement estimate of \$1,116 million, a reduction of \$37 million from the original Budget figure. A slight increase of \$6 million in the expenditure estimate is more than offset by the improved revenue performance during the first quarter.

Also included in this report are unaudited results for the 1978-79 fiscal year. Cash requirements last year were \$157 million less than the interim results indicated. This improvement reflects the continued vigilance of the Government in achieving substantial year-end savings, and also higher than anticipated revenues generated by the strong performance of the economy in the first quarter of 1979. As a result, net cash requirements last year were \$582 million less than in 1977-78.

	1978-79 Actual Results	Budget Plan	1979-80 Revised Outlook	In-Year Change	Change Over 1978-79
		(Millions of Dollars)			%
Revenues	13,233	14,405	14,448	+ 43	9.2
Expenditures	14,413	15,558	15,564	+ 6	8.0
Net Cash Requirements	1,180	1,153	1,116	- 37	

Despite a slowdown in economic activity during the second calendar quarter, the buoyant conditions which prevailed during the first quarter have contributed to an improvement in the revenue performance since the original Budget. The revenue gain is mainly reflected in the retail sales tax which is influenced more directly by current economic conditions. Consumer spending early in 1979 proved to be stronger than anticipated. However, this trend should be viewed with guarded optimism because of the impact of oil price increases and the resulting economic slowdown which is beginning to affect the U.S. economy and is particularly evident in the auto sector. This has obvious implications for the export-oriented Ontario industry.

On a more positive note, the expenditure outlook for the remainder of the year appears to be more certain. During the course of the first quarter, the Management Board was able to finance additional high priority requirements of \$140 million by redeploying funds from other programs, and has managed to hold the spending level within \$6 million of the Budget target. The pressure for additional funds has been concentrated in priority areas such as operations of hospitals, extended care, tenancy protection and new forest management initiatives. As a result, spending remains on target as the Province moves into the second quarter.

The improved performance recorded at the end of last year strengthened the Province's liquid reserve position sufficiently to allow the Treasury Bill program to be terminated. This will result in a reduction in the Province's outstanding debt of \$325 million.

For the three months ending June 30, 1979, revenues amounted to \$3,275 million, or 20.7 per cent above the same period last year. Expenditures were \$3,670 million, an increase of 5.6 per cent over the corresponding period last year.

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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1979-80

TABLE 1

Comparative Budget Performance			1979-80			
3 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
BUDGETARY TRANSACTIONS						
2,593	3,037	444	Revenue (Table 2)	13,446	13,487	41
3,396	3,605	209	Expenditure (Table 3)	15,105	15,117	12
803	568	(235)	Budgetary Deficit	1,659	1,630	(29)
NON-BUDGETARY TRANSACTIONS						
Lending and Investment Activity (Table 4)						
89	167	78	Receipts	444	445	1
53	39	(14)	Disbursements	329	320	(9)
(36)	(128)	(92)	Net Increase in Lending Activity (A)	(115)	(125)	(10)
Special Purpose Accounts (Table 5)						
32	71	39	Credits	515	516	1
26	26	—	Charges	124	127	3
6	45	39	Net Increase in Special Purpose Accounts (B)	391	389	(2)
(42)	(173)	(131)	Non-Budgetary Transactions (A-B)	(506)	(514)	(8)
761	395	(366)	NET CASH REQUIREMENTS ¹	1,153	1,116	(37)
FINANCING						
Non-Public Borrowing						
355	405	50	Canada Pension Plan	960	960	—
69	83	14	Teachers' Superannuation Plan	550	550	—
75	—	(75)	Municipal Employees' Retirement Fund	—	—	—
16	12	(4)	CMHC Pollution Control Loans	70	70	—
(5)	(4)	1	Retirements	(26)	(26)	—
510	496	(14)	Net Non-Public Borrowing	1,554	1,554	—
Public Borrowing						
150	(170)	(320)	Treasury Bills — Net	(195)	(325)	(130)
(32)	—	32	Public Debentures — Net	(64)	(64)	—
118	(170)	(288)	Net Public Borrowing	(259)	(389)	(130)
(133)	(69)	64	Increase in Liquid Reserves	142	49	(93)
761	395	(366)	TOTAL FINANCING	1,153	1,116	(37)

¹Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1979-80

TABLE 2

Comparative Budget Performance			1979-80		
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1978-79	1979-80				
(Millions of Dollars)			(Millions of Dollars)		
572	637	65			
—	—	—			
215	273	58			
—	1	1			
386	557	171			
128	141	13			
23	27	4			
12	11	(1)			
58	55	(3)			
10	13	3			
2	—	(2)			
10	12	2			
18	21	3			
—	—	—			
1	1	—			
1,435	1,749	314			
209	221	12			
60	79	19			
43	41	(2)			
55	62	7			
14	15	1			
15	13	(2)			
14	17	3			
10	7	(3)			
16	14	(2)			
22	50	28			
458	519	61			
373	458	85			
—	14	14			
47	52	5			
81	122	41			
24	18	(6)			
7	2	(5)			
1	2	1			
1	4	3			
96	—	(96)			
9	12	3			
639	684	45			
61	85	24			
2,593	3,037	444			

TAXATION			
Personal Income Tax (Net of Credits)	2,971	2,971	—
Revenue Guarantee	5	5	—
Corporation Income Tax	995	995	—
Capital Tax	249	249	—
Insurance Premiums Tax	91	91	—
Mining Profits Tax	50	50	—
Retail Sales Tax	2,295	2,320	25
Gasoline Tax	607	607	—
Motor Vehicle Fuel Tax	122	122	—
Reciprocal Taxation	40	37	(3)
Tobacco Tax	292	292	—
Land Transfer Tax	92	92	—
Land Speculation Tax	—	—	—
Race Tracks Tax	49	49	—
Succession Duty	35	35	—
Income Tax — Public Utilities	6	6	—
Other Taxation	3	3	—
Total Taxation Revenue	7,902	7,924	22
OTHER REVENUE			
Premiums — OHIP	1,035	1,035	—
LCBO Profits	412	412	—
Vehicle Registration Fees	310	310	—
Other Fees and Licences	264	263	(1)
Fines and Penalties	69	68	(1)
Ontario Lottery Profits	53	53	—
Royalties	58	58	—
Sales and Rentals	44	43	(1)
Utility Service Charges	48	48	—
Miscellaneous	101	111	10
Total Other Revenue	2,394	2,401	7
FEDERAL GOVERNMENT PAYMENTS			
Established Programs Financing	1,834	1,834	—
Hospital Insurance	30	30	—
Extended Health Care Services	210	210	—
Canada Assistance Plan	455	458	3
Adult Occupational Training	100	100	—
Bilingualism Development	26	26	—
Economic Development	15	14	(1)
Vocational Rehabilitation	13	13	—
Economic Stimulation	—	—	—
Other Federal Payments	47	57	10
Total Federal Government Payments	2,730	2,742	12
Interest on Investments	420	420	—
TOTAL BUDGETARY REVENUE	13,446	13,487	41

BUDGETARY EXPENDITURE 1979-80

TABLE 3

Comparative Budget Performance			1979-80			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
837	872	35	Health	4,183	4,248	65
962	992	30	Education	2,515	2,494	(21)
241	258	17	Colleges and Universities	1,430	1,436	6
236	257	21	Community and Social Services	1,318	1,320	2
58	49	(9)	Culture and Recreation	189	187	(2)
2,334	2,428	94	Sub-Total	9,635	9,685	50
Resources Development Policy						
208	226	18	Transportation and Communications	1,134	1,135	1
55	55	—	Natural Resources	261	267	6
18	26	8	Housing	227	224	(3)
22	25	3	Agriculture and Food	178	165	(13)
17	22	5	Environment	130	135	5
10	11	1	Industry and Tourism	65	64	(1)
6	6	—	Labour and Manpower	40	39	(1)
1	1	—	Energy	15	15	—
337	372	35	Sub-Total	2,050	2,044	(6)
Justice Policy						
27	31	4	Solicitor General	175	174	(1)
29	33	4	Attorney General	149	148	(1)
23	23	—	Correctional Services	131	131	—
10	13	3	Consumer and Commercial Relations	64	74	10
89	100	11	Sub-Total	519	527	8
Other Ministries						
217	246	29	Intergovernmental Affairs	547	552	5
67	71	4	Government Services	272	269	(3)
40	38	(2)	Revenue	195	190	(5)
9	9	—	Northern Affairs	141	133	(8)
3	3	—	Treasury and Economics	23	22	(1)
—	—	—	Employment Development Fund	200	165	(35)
4	4	—	Assembly	19	19	—
3	3	—	Management Board	11	11	—
1	1	—	Ombudsman	4	4	—
2	2	—	Other	13	13	—
346	377	31	Sub-Total	1,425	1,378	(47)
290	328	38	Public Debt — Interest	1,388	1,393	5
—	—	—	Contingency Fund	88	90	2
3,396	3,605	209	TOTAL BUDGETARY EXPENDITURE	15,105	15,117	12

NON-BUDGETARY TRANSACTIONS 1979-80

TABLE 4

Comparative Budget Performance			1979-80			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
—	105	105	Ontario Energy Corporation	105	105	—
49	19	(30)	Ontario Mortgage Corporation	100	100	—
12	12	—	Education Capital Aid Corporation	72	73	1
5	5	—	Investment in Environmental Protection	35	35	—
4	5	1	Universities Capital Aid Corporation	30	30	—
4	5	1	Nuclear Power Generating Station	25	25	—
3	3	—	Ontario Development Corporations	18	18	—
—	—	—	Loans to Public Hospitals	18	18	—
—	—	—	Ontario Housing Corporations	13	1	(12)
1	1	—	Tile Drainage Debentures	10	10	—
—	—	—	Municipal Improvement Corporation	4	4	—
4	4	—	Ontario Junior Farmers	4	3	(1)
1	1	—	Municipal Works Assistance	3	3	—
—	—	—	Ontario Land Corporation	—	12	12
6	7	1	Other	7	8	1
89	167	78	Sub-Total	444	445	1
DISBURSEMENTS						
Loans and Investments						
35	24	(11)	Investment in Environmental Protection	153	147	(6)
—	1	1	Education Capital Aid Corporation	69	69	—
9	8	(1)	Ontario Development Corporations	37	42	5
—	1	1	Ontario Land Corporation	19	15	(4)
—	3	3	Tile Drainage Debentures	18	20	2
2	1	(1)	Ontario Housing Corporations	10	9	(1)
—	—	—	Regional and Municipal Public Works	9	9	—
—	—	—	Municipal Improvement Corporation	8	2	(6)
1	—	(1)	Ontario Mortgage Corporation	4	5	1
6	—	(6)	Ontario Energy Corporation	—	—	—
—	1	1	Other	2	2	—
53	39	(14)	Sub-Total	329	320	(9)
(36)	(128)	(92)	NET INCREASE IN LENDING ACTIVITY	(115)	(125)	(10)

**NON-BUDGETARY
TRANSACTIONS 1979-80**

TABLE 5

Comparative Budget Performance			1979-80			
3 Months		Increase				
1978-79	1979-80	(Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
14	14	—	Public Service Superannuation Fund	330	331	1
			Superannuation Adjustment Fund			
6	6	—	Teachers' Superannuation Plan	67	67	—
3	3	—	Public Service Superannuation Plan	36	36	—
6	28	22	Province of Ontario Savings Deposits (Net)	28	33	5
4	3	(1)	Motor Vehicle Accident Claims Fund	16	12	(4)
3	6	3	The Provincial Lottery	20	20	—
(4)	11	15	Other	18	17	(1)
32	71	39	Sub-Total	515	516	1
CHARGES						
Payments from Special Purpose Accounts						
16	19	3	Public Service Superannuation Fund	80	82	2
3	3	—	Motor Vehicle Accident Claims Fund	21	21	—
3	1	(2)	The Provincial Lottery	11	11	—
4	3	(1)	Other	12	13	1
26	26	—	Sub-Total	124	127	3
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
6	45	39		391	389	(2)



SEPTEMBER 30, 1979



Ontario finances

This report provides an update on the financial position of the Province at the end of the second fiscal quarter and includes a forecast for the remainder of the year.

Expenditures rose slightly during the second quarter and now stand at \$15,623 million, \$65 million above the Budget plan. So far this year the Province has been able to offset spending increases totalling \$200 million in priority areas, with savings generated through stringent review of in-year spending by the Management Board. The increase over Budget reflects additional funding in areas such as health care, flood and storm damage relief, and crop insurance losses from tobacco crop blight.

	1978-79 Actual Results	Budget Plan	1979-80 Revised Outlook	In-Year Change	Change Over 1978-79
	(Millions of Dollars)				%
Revenues	13,233	14,405	14,557	+152	10.0
Expenditures	14,413	15,558	15,623	+ 65	8.4
Net Cash Requirements	1,180	1,153	1,066	- 87	

Despite this pressure on spending, cash requirements are currently projected to be \$1,066 million, \$87 million below the original Budget. This improvement is due to a stronger than anticipated revenue performance during the first half of the fiscal year. As a result, the forecast for budgetary revenue has been raised by \$178 million over the Budget forecast. The bulk of this improvement is reflected in the anticipated yields of the retail sales tax and corporation income taxes which have been boosted by \$45 million and \$70 million respectively. This upward revenue trend may not continue in view of the economic outlook and current high interest rates. In fact, because of the generally adverse conditions prevailing in the mortgage market, the Province has decided to suspend for the time being Ontario Mortgage Corporation's (OMC) mortgage sales. The program will be reinstated once conditions become more settled. This has the effect of reducing the forecast for OMC receipts by \$60 million.

For the six months ending September 30, 1979, revenues amounted to \$6,673 million, or 15.9 per cent above the same period last year. Expenditures were \$7,292 million, an increase of 6.1 per cent over the corresponding period last year.

The Honourable Frank S. Miller
Treasurer of Ontario

A. Rendall Dick
Deputy Treasurer

Issued in January, July and October
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1979-80

TABLE 1

Comparative Budget Performance			1979-80			
6 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
BUDGETARY TRANSACTIONS						
5,429	6,299	870	Revenue (Table 2)	13,446	13,624	178
6,662	7,130	468	Expenditure (Table 3)	15,105	15,126	21
1,233	831	(402)	Budgetary Deficit	1,659	1,502	(157)
NON-BUDGETARY TRANSACTIONS						
Lending and Investment Activity (Table 4)						
235	219	(16)	Receipts	444	386	(58)
152	107	(45)	Disbursements	329	369	40
(83)	(112)	(29)	Net Increase in Lending Activity (A)	(115)	(17)	98
Special Purpose Accounts (Table 5)						
95	155	60	Credits	515	547	32
56	55	(1)	Charges	124	128	4
39	100	61	Net Increase in Special Purpose Accounts (B)	391	419	28
(122)	(212)	(90)	Non-Budgetary Transactions (A-B)	(506)	(436)	70
1,111	619	(492)	NET CASH REQUIREMENTS¹	1,153	1,066	(87)
FINANCING						
Non-Public Borrowing						
588	653	65	Canada Pension Plan	960	975	15
69	83	14	Teachers' Superannuation Plan	550	550	—
83	—	(83)	Municipal Employees' Retirement Fund	—	—	—
30	26	(4)	CMHC Pollution Control Loans	70	70	—
(10)	(7)	3	Retirements	(26)	(26)	—
760	755	(5)	Net Non-Public Borrowing	1,554	1,569	15
Public Borrowing						
195	(325)	(520)	Treasury Bills — Net	(195)	(325)	(130)
(32)	(29)	3	Public Debentures — Net	(64)	(64)	—
163	(354)	(517)	Net Public Borrowing	(259)	(389)	(130)
(188)	(218)	(30)	Increase in Liquid Reserves	142	114	(28)
1,111	619	(492)	TOTAL FINANCING	1,153	1,066	(87)

¹Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1979-80

TABLE 2

Comparative Budget Performance			1979-80		
6 Months 1978-79	1979-80	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
TAXATION					
1,119	1,254	135	2,971	2,981	10
—	—	—	5	5	—
494	617	123	995	1,405	70
4	4	—	249		
716	1,177	461	91		
277	307	30	50	70	20
46	62	16	2,295	2,340	45
24	19	(5)	607	607	—
117	121	4	122	122	—
29	42	13	40	35	(5)
3	—	(3)	292	285	(7)
23	26	3	92	94	2
31	35	4	—	—	—
—	—	—	49	49	—
1	1	—	35	41	6
2,884	3,665	781	6	6	—
			3	4	1
			7,902	8,044	142
OTHER REVENUE					
446	475	29	1,035	1,035	—
155	185	30	412	412	—
63	62	(1)	310	310	—
122	138	16	264	263	(1)
29	31	2	69	65	(4)
27	21	(6)	53	47	(6)
25	29	4	58	58	—
24	20	(4)	44	45	1
30	32	2	48	48	—
31	66	35	101	112	11
952	1,059	107	2,394	2,395	1
FEDERAL GOVERNMENT PAYMENTS					
789	938	149	1,834	1,859	25
—	14	14	30	30	—
94	104	10	210	208	(2)
186	235	49	455	459	4
42	38	(4)	100	100	—
25	2	(23)	26	26	—
3	2	(1)	15	13	(2)
4	6	2	13	13	—
241	—	(241)	—	—	—
18	21	3	47	57	10
1,402	1,360	(42)	2,730	2,765	35
191	215	24	420	420	—
5,429	6,299	870	13,446	13,624	178
Interest on Investments					
TOTAL BUDGETARY REVENUE					

BUDGETARY EXPENDITURE 1979-80

TABLE 3

Comparative Budget Performance			1979-80		
6 Months		Increase			
1978-79	1979-80	(Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
POLICY FIELDS AND MINISTRIES					
Social Development Policy					
1,795	1,900	105	4,183	4,248	65
1,421	1,473	52	2,515	2,496	(19)
582	619	37	1,430	1,437	7
536	584	48	1,318	1,340	22
112	105	(7)	189	188	(1)
4,446	4,681	235	9,635	9,709	74
Resources Development Policy					
517	553	36	1,134	1,152	18
126	139	13	261	281	20
65	73	8	227	224	(3)
51	56	5	178	167	(11)
42	56	14	130	135	5
22	24	2	65	66	1
15	17	2	40	41	1
2	3	1	15	15	—
840	921	81	2,050	2,081	31
Justice Policy					
66	80	14	175	183	8
65	72	7	149	155	6
56	62	6	131	139	8
29	32	3	64	70	6
216	246	30	519	547	28
Other Ministries					
356	392	36	547	547	—
134	142	8	272	272	—
89	88	(1)	195	197	2
51	49	(2)	141	137	(4)
7	7	—	23	23	—
—	14	14	200	165	(35)
8	9	1	19	19	—
4	5	1	11	11	—
2	2	—	4	4	—
4	5	1	13	12	(1)
655	713	58	1,425	1,387	(38)
505	569	64	1,388	1,398	10
—	—	—	88	4	(84)
6,662	7,130	468	15,105	15,126	21
TOTAL BUDGETARY EXPENDITURE					

NON-BUDGETARY TRANSACTIONS 1979-80

TABLE 4

Comparative Budget Performance			1979-80		
6 Months		Increase	Budget	Revised	Increase
1978-79	1979-80	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
RECEIPTS					
Repayments of Loans and Investments					
—	105	105	105	105	—
128	11	(117)	100	40	(60)
33	35	2	72	73	1
17	14	(3)	35	35	—
12	13	1	30	30	—
10	12	2	25	25	—
6	7	1	18	19	1
12	—	(12)	18	18	—
—	—	—	13	1	(12)
3	4	1	10	10	—
1	1	—	4	4	—
2	3	1	4	3	(1)
2	2	—	3	3	—
—	—	—	—	12	12
—	9	9	—	—	—
9	3	(6)	7	8	1
235	219	(16)	444	386	(58)
DISBURSEMENTS					
Loans and Investments					
72	60	(12)	153	147	(6)
9	6	(3)	69	69	—
17	17	—	37	42	5
13	10	(3)	19	15	(4)
7	9	2	18	20	2
10	2	(8)	10	9	(1)
—	1	1	9	9	—
—	—	—	8	2	(6)
6	—	(6)	4	4	—
13	—	(13)	—	—	—
—	—	—	—	50	50
5	2	(3)	2	2	—
152	107	(45)	329	369	40
(83)	(112)	(29)	(115)	(17)	98
NET INCREASE IN LENDING ACTIVITY					

NON-BUDGETARY TRANSACTIONS 1979-80

TABLE 5

Comparative Budget Performance			1979-80			
6 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
49	53	4	Public Service Superannuation Fund	330	330	—
			Superannuation Adjustment Fund			
11	11	—	Teachers' Superannuation Plan	67	67	—
10	11	1	Public Service Superannuation Plan	36	36	—
6	56	50	Province of Ontario Savings Deposits (Net)	28	64	36
7	6	(1)	Motor Vehicle Accident Claims Fund	16	12	(4)
7	12	5	The Provincial Lottery	20	20	—
5	6	1	Other	18	18	—
95	155	60	Sub-Total	515	547	32
CHARGES						
Payments from Special Purpose Accounts						
33	38	5	Public Service Superannuation Fund	80	82	2
7	8	1	Motor Vehicle Accident Claims Fund	21	21	—
5	3	(2)	The Provincial Lottery	11	11	—
11	6	(5)	Other	12	14	2
56	55	(1)	Sub-Total	124	128	4
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
39	100	61		391	419	28



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Ontario finances

This is the third quarter update on the performance of the 1979 Ontario Budget. It provides a revised outlook for the remainder of 1979-80, and also a comparison of the first nine months' performance this fiscal year with the same period in 1978-79.

Net cash requirements for the current year are projected at \$787 million, an improvement of \$279 million over the September 30 report and \$366 million over the original Budget plan.

	1978-79 Actual Results	Budget Plan	1979-80 Revised Outlook	In-Year Change	Change Over 1978-79
					(Millions of Dollars)
					%
Revenues	13,233	14,405	14,937	+ 532	12.9
Expenditures	14,413	15,558	15,724	+ 166	9.1
Net Cash Requirements	1,180	1,153	787	- 366	

The main reason for this significant reduction in cash requirements is the impact of stronger than expected economic performance on revenues during the second half of 1979. The greatest effect was on corporation taxes and consumption taxes. Corporate profits in 1979 rose by nearly 30 per cent, and the forecast of the revenue yield has been increased by \$121 million. Relatively high levels of retail sales, especially during the second and third calendar quarters have added \$55 million to the retail sales tax. At the same time, the federal Department of Finance revised the forecast for Ontario's personal income tax by nearly \$90 million.

In addition to the revenue increases based on economic performance, a number of prior years' payments were found to be owing to the Province by the federal government. In total, these amount to \$114 million of unexpected revenue increases.

Overall, the spending forecast has increased by \$101 million since the end of the second quarter and is now \$166 million above the Budget level. Spending increases have occurred in areas such as health care, student assistance, municipal roads, and disaster relief following the tornado in the Woodstock area. In addition, continuing high interest rates have caused an increase in Public Debt interest.

The current outlook also incorporates an allowance of \$79 million for "Other Contingencies". These are spending items which are expected to materialize during the final quarter of the year.

For the nine months ended December 31, 1979, revenues amounted to \$10,400 million or 16.4 per cent over the same period in 1978-79. Expenditures, on the other hand, were \$10,944 million, for an increase of only 6.8 per cent over the same period last year.

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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1979-80

TABLE 1

Comparative Budget Performance			1979-80			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80					
(Millions of Dollars)			(Millions of Dollars)			
BUDGETARY TRANSACTIONS						
8,460	9,812	1,352	Revenue (Table 2)	13,446	13,978	532
9,903	10,647	744	Expenditure (Table 3)	15,105	15,228	123
1,443	835	(608)	Budgetary Deficit	1,659	1,250	(409)
NON-BUDGETARY TRANSACTIONS						
Lending and Investment Activity (Table 4)						
316	317	1	Receipts	444	384	(60)
260	212	(48)	Disbursements	329	363	34
(56)	(105)	(49)	Net Increase in Lending Activity (A)	(115)	(21)	94
Special Purpose Accounts (Table 5)						
155	271	116	Credits	515	575	60
80	85	5	Charges	124	133	9
75	186	111	Net Increase in Special Purpose Accounts (B)	391	442	51
(131)	(291)	(160)	Non-Budgetary Transactions (A-B)	(506)	(463)	43
1,312	544	(768)	NET CASH REQUIREMENTS ¹	1,153	787	(366)
FINANCING						
Non-Public Borrowing						
764	861	97	Canada Pension Plan	960	1,001	41
188	215	27	Teachers' Superannuation Plan	550	537	(13)
100	—	(100)	Municipal Employees' Retirement Fund	—	—	—
41	35	(6)	CMHC Pollution Control Loans	70	60	(10)
(14)	(13)	1	Retirements	(26)	(33)	(7)
1,079	1,098	19	Net Non-Public Borrowing	1,554	1,565	11
Public Borrowing						
195	(325)	(520)	Treasury Bills — Net	(195)	(325)	(130)
(32)	(61)	(29)	Public Debentures — Net	(64)	(65)	(1)
163	(386)	(549)	Net Public Borrowing	(259)	(390)	(131)
(70)	168	238	Increase in Liquid Reserves	142	388	246
1,312	544	(768)	TOTAL FINANCING	1,153	787	(366)

¹Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1979-80

TABLE 2

Comparative Budget Performance			1979-80		
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)
1978-79	1979-80	(Decrease)			
(Millions of Dollars)			(Millions of Dollars)		
TAXATION					
1,883	2,127	244	2,971	3,125	154
44	—	(44)	5	25	20
739	965	226	995	1,456	121
{	Corporation Income Tax		249		
	Capital Tax		91		
	Insurance Premiums Tax		50	85	35
3	4	1	2,295	2,350	55
1,172	1,793	621	607	610	3
413	470	57	122	126	4
72	97	25	40	37	(3)
32	29	(3)	292	285	(7)
184	199	15	92	94	2
48	80	32	—	—	—
4	—	(4)	49	50	1
35	39	4	35	41	6
47	39	(8)	6	6	—
—	—	—	3	4	1
1	2	1	7,902	8,294	392
4,677	5,844	1,167	Total Taxation Revenue		
OTHER REVENUE					
694	733	39	1,035	1,035	—
254	288	34	412	412	—
87	86	(1)	310	338	28
178	200	22	264	271	7
46	50	4	69	67	(2)
29	29	—	53	47	(6)
38	46	8	58	62	4
39	35	(4)	44	40	(4)
45	51	6	48	54	6
45	85	40	101	122	21
1,455	1,603	148	2,394	2,448	54
FEDERAL GOVERNMENT PAYMENTS					
1,180	1,395	215	1,834	1,818	(16)
—	24	24	30	30	—
141	156	15	210	208	(2)
304	357	53	455	459	4
67	64	(3)	100	100	—
34	2	(32)	26	26	—
6	3	(3)	15	13	(2)
7	9	2	13	14	1
288	—	(288)	—	30	30
26	36	10	47	57	10
2,053	2,046	(7)	2,730	2,755	25
275	319	44	420	481	61
8,460	9,812	1,352	13,446	13,978	532
TOTAL BUDGETARY REVENUE					

**BUDGETARY
EXPENDITURE 1979-80**

TABLE 3

Comparative Budget Performance			1979-80			
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
2,765	2,968	203	Health	4,183	4,256	73
1,903	1,981	78	Education	2,515	2,493	(22)
925	967	42	Colleges and Universities	1,430	1,441	11
833	912	79	Community and Social Services	1,318	1,341	23
150	143	(7)	Culture and Recreation	189	203	14
6,576	6,971	395	Sub-Total	9,635	9,734	99
Resources Development Policy						
745	796	51	Transportation and Communications	1,134	1,154	20
176	199	23	Natural Resources	261	279	18
85	101	16	Housing	227	220	(7)
76	79	3	Agriculture and Food	178	162	(16)
68	85	17	Environment	130	131	1
35	41	6	Industry and Tourism	65	66	1
22	26	4	Labour and Manpower	40	42	2
4	5	1	Energy	15	15	—
1,211	1,332	121	Sub-Total	2,050	2,069	19
Justice Policy						
106	124	18	Solicitor General	175	188	13
96	109	13	Attorney General	149	156	7
87	91	4	Correctional Services	131	139	8
45	49	4	Consumer and Commercial Relations	64	70	6
334	373	39	Sub-Total	519	553	34
Other Ministries						
488	513	25	Intergovernmental Affairs	547	550	3
189	198	9	Government Services	272	267	(5)
136	136	—	Revenue	195	196	1
94	101	7	Northern Affairs	141	139	(2)
12	13	1	Treasury and Economics	23	23	—
—	40	40	Employment Development Fund	200	165	(35)
12	13	1	Assembly	19	19	—
7	8	1	Management Board	11	11	—
3	3	—	Ombudsman	4	4	—
6	7	1	Other	13	12	(1)
947	1,032	85	Sub-Total	1,425	1,386	(39)
835	939	104	Public Debt — Interest	1,388	1,407	19
—	—	—	Contingency Fund — salaries and benefits	88	—	(88)
—	—	—	Other Contingencies	—	79	79
9,903	10,647	744	TOTAL BUDGETARY EXPENDITURE	15,105	15,228	123

NON-BUDGETARY
TRANSACTIONS 1979-80

TABLE 4

Comparative Budget Performance			1979-80			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1978-79	1979-80					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
—	105	105	Ontario Energy Corporation	105	105	—
155	45	(110)	Ontario Mortgage Corporation	100	37	(63)
53	57	4	Education Capital Aid Corporation	72	73	1
22	26	4	Investment in Environmental Protection	35	35	—
19	20	1	Universities Capital Aid Corporation	30	30	—
16	15	(1)	Nuclear Power Generating Station	25	25	—
10	13	3	Ontario Development Corporations	18	19	1
9	10	1	Loans to Public Hospitals	18	18	—
—	—	—	Ontario Housing Corporations	13	1	(12)
7	8	1	Tile Drainage Debentures	10	10	—
3	3	—	Municipal Improvement Corporation	4	4	—
6	6	—	Ontario Junior Farmers	4	4	—
3	3	—	Municipal Works Assistance	3	3	—
—	—	—	Ontario Land Corporation	—	12	12
13	6	(7)	Other	7	8	1
316	317	1	Sub-Total	444	384	(60)
DISBURSEMENTS						
Loans and Investments						
115	99	(16)	Investment in Environmental Protection	153	145	(8)
38	27	(11)	Education Capital Aid Corporation	69	69	—
27	25	(2)	Ontario Development Corporations	37	42	5
14	13	(1)	Ontario Land Corporation	19	17	(2)
14	16	2	Tile Drainage Debentures	18	20	2
14	2	(12)	Ontario Housing Corporations	10	7	(3)
3	1	(2)	Regional and Municipal Public Works	9	9	—
1	1	—	Municipal Improvement Corporation	8	2	(6)
12	—	(12)	Ontario Mortgage Corporation	4	—	(4)
20	—	(20)	Ontario Energy Corporation	—	—	—
—	25	25	Crop Insurance Commission	—	50	50
2	3	1	Other	2	2	—
260	212	(48)	Sub-Total	329	363	34
(56)	(105)	(49)	NET INCREASE IN LENDING ACTIVITY	(115)	(21)	94

NON-BUDGETARY
TRANSACTIONS 1979-80

TABLE 5

Comparative Budget Performance			1979-80		
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
1978-79	1979-80				
(Millions of Dollars)			(Millions of Dollars)		
CREDITS					
Payments into Special Purpose Accounts					
78	89	11	Public Service Superannuation Fund	330	329 (1)
			Superannuation Adjustment Fund		
16	17	1	Teachers' Superannuation Plan	67	70 3
14	16	2	Public Service Superannuation Plan	36	37 1
22	108	86	Province of Ontario Savings Deposits (Net)	28	90 62
10	9	(1)	Motor Vehicle Accident Claims Fund	16	13 (3)
7	19	12	The Provincial Lottery	20	20 —
8	13	5	Other	18	16 (2)
155	271	116	Sub-Total	515	575 60
CHARGES					
Payments from Special Purpose Accounts					
51	59	8	Public Service Superannuation Fund	80	84 4
11	11	—	Motor Vehicle Accident Claims Fund	21	21 —
6	5	(1)	The Provincial Lottery	11	11 —
12	10	(2)	Other	12	17 5
80	85	5	Sub-Total	124	133 9
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS					
75	186	111		391	442 51



Ontario finances

This is the first quarter update on the performance of the 1980 Ontario Budget. It provides a revised outlook for the remainder of the fiscal year, along with a comparison of the first three months' performance for this fiscal year with the same period in 1979-80. Net cash requirements are projected at \$961 million, an increase of \$12 million above the original budget forecast owing to a revision to the revenue estimate.

Unaudited results for the 1979-80 fiscal year are reflected in the table below. Net cash requirements were \$75 million below the interim results reflected in the 1980 Budget due to year-end savings by Ministries and also a higher final yield from a wide spectrum of revenue sources. Cash requirements last year were \$596 million less than in 1978-79, and at the lowest level in 9 years.

	1979-80 Actual Results	Budget Plan	1980-81 Revised Outlook	In-Year Change	Change Over 1979-80
		(Millions of Dollars)			%
Revenues	15,246	16,172	16,160	- 12	6.0
Expenditures	15,830	17,121	17,121	0	8.2
Net Cash Requirements	584	949	961	+ 12	

Despite continuing upward pressure on the expenditure side, the Government has held to its spending control target. To date, \$140 million of additional spending requirements in priority areas have been identified. Fighting severe forest fires that have occurred in Northern Ontario this year will cost an additional \$47 million. Assistance to farmers through the new Sow Weaner Pig Stabilization Plan and the Farm Interest Assistance Program will require an extra \$20 million, while assistance to local governments from assuming their share of low cost housing subsidies will cost \$20 million. The balance of \$53 million is required mainly to fund increased costs in health care and social services. These additional requirements have been met by reallocating funds from other programs and departments to maintain the overall spending target. At the same time, the decline in interest rates from the high levels experienced earlier this year will reduce public debt interest expenditure by \$18 million.

The slight increase in net cash requirements during the first quarter is the result of a deterioration in revenue performance from the original Budget projections. The main cause of the deterioration can be found in the recessionary economic situation, which is mainly caused by the deepening recession in the United States.

The revenue estimate for retail sales tax has been reduced by \$25 million to reflect this trend. However, for the present time, the corporate sector appears to be holding its own and corporation tax collections are still reflecting the high profit levels of 1979. The forecast has been increased slightly at this time, but some caution is necessary, as the effects of the current recession and feedback from the U.S. situation could begin to affect the corporate sector's financial position by the end of the second quarter.

Overall, the revenue position remains fairly stable. The Budget forecast was based on a recession environment prevailing throughout 1980 with recovery commencing by the first quarter of 1981.

For the three months ending June 30, 1980, revenues amounted to \$3,529 million or 7.8 per cent above the same period last year. Expenditures were \$3,921 million, an increase of 6.8 per cent over the corresponding period last year.

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**STATEMENT OF CASH REQUIREMENTS
AND RELATED FINANCING 1980-81**

TABLE 1

Comparative Budget Performance			1980-81		
3 Months		Increase	Budget	Revised	Increase
1979-80	1980-81	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
3,037	3,446	409	Revenue (Table 2)	15,298	15,287 (11)
3,605	3,851	246	Expenditure (Table 3)	16,709	16,717 8
568	405	(163)	Budgetary Deficit	1,411	1,430 19
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
167	58	(109)	Receipts	245	254 9
39	38	(1)	Disbursements	233	227 (6)
128	20	(108)	Net Decrease in Lending Activity (A)	12	27 15
Special Purpose Accounts (Table 5)					
71	25	(46)	Credits	629	619 (10)
26	32	6	Charges	179	177 (2)
45	(7)	(52)	Net Increase in Special Purpose Accounts (B)	450	442 (8)
173	13	(160)	Non-Budgetary Surplus (A + B)	462	469 7
395	392	(3)	NET CASH REQUIREMENTS¹	949	961 12
FINANCING					
Non-Public Borrowing					
405	123	(282)	Canada Pension Plan	550	550 —
83	93	10	Teachers' Superannuation Plan	547	547 —
12	7	(5)	CMHC Pollution Control Loans	24	24 —
(4)	(3)	1	Retirements	(25)	(31) (6)
496	220	(276)	Net Non-Public Borrowing	1,096	1,090 (6)
Public Borrowing					
(170)	—	170	Treasury Bills — Net	—	— —
—	(37)	(37)	Public Debentures — Net	(138)	(138) —
(170)	(37)	133	Net Public Borrowing	(138)	(138) —
(69)	(209)	(140)	Increase (Decrease) in Liquid Reserves	9	(9) (18)
395	392	(3)	TOTAL FINANCING	949	961 12

¹ Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1980-81

TABLE 2

Comparative Budget Performance			1980-81			
3 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
637	725	88	TAXATION			
—	10	10	Personal Income Tax (Net of Credits)	3,430	3,430	—
273	363	90	Revenue Guarantee	10	9	(1)
			Corporation Income Tax	1,270	1,290	20
			Capital Tax	274	274	—
1	2	1	Insurance Premiums Tax	108	108	—
557	580	23	Mining Profits Tax	125	125	—
141	149	8	Retail Sales Tax	2,670	2,645	(25)
27	31	4	Gasoline Tax	631	628	(3)
11	12	1	Motor Vehicle Fuel Tax	135	135	—
55	62	7	Reciprocal Taxation	46	47	1
13	24	11	Tobacco Tax	291	291	—
12	14	2	Land Transfer Tax	100	98	(2)
21	8	(13)	Race Tracks Tax	55	55	—
—	23	23	Succession Duty	8	11	3
1	1	—	Income Tax — Public Utilities	23	23	—
1,749	2,004	255	Other Taxation	4	3	(1)
			Total Taxation Revenue	9,180	9,172	(8)
			OTHER REVENUE			
221	234	13	Premiums — OHIP	1,054	1,054	—
79	79	—	LCBO Profits	423	423	—
41	44	3	Vehicle Registration Fees	336	336	—
62	66	4	Other Fees and Licences	290	289	(1)
15	17	2	Fines and Penalties	70	70	—
13	22	9	Ontario Lottery Profits	67	67	—
7	13	6	Sales and Rentals	65	65	—
17	20	3	Royalties	64	64	—
14	17	3	Utility Service Charges	52	52	—
50	24	(26)	Miscellaneous ¹	167	169	2
519	536	17	Total Other Revenue	2,588	2,589	1
			FEDERAL GOVERNMENT PAYMENTS			
458	491	33	Established Programs Financing	1,963	1,963	—
14	—	(14)	Hospital Insurance	7	(2)	(9)
52	57	5	Extended Health Care Services	230	230	—
122	142	20	Canada Assistance Plan	506	507	1
18	30	12	Adult Occupational Training	104	104	—
—	6	6	Community Service Contribution Program	39	39	—
2	34	32	Bilingualism Development	60	62	2
2	3	1	Economic Development	19	19	—
4	8	4	Vocational Rehabilitation	12	13	1
12	9	(3)	Other Federal Payments	68	68	—
684	780	96	Total Federal Government Payments	3,008	3,003	(5)
85	126	41	Interest on Investments	522	523	1
3,037	3,446	409	TOTAL BUDGETARY REVENUE	15,298	15,287	(11)

¹Includes the Pickering Agreement Settlement

BUDGETARY EXPENDITURE 1980-81

TABLE 3

Comparative Budget Performance			1980-81			
3 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
872	1,065	193	Health	4,717	4,738	21
992	1,009	17	Education	2,617	2,615	(2)
258	281	23	Colleges and Universities	1,526	1,525	(1)
257	294	37	Community and Social Services	1,455	1,464	9
49	57	8	Culture and Recreation	191	188	(3)
2,428	2,706	278	Sub-Total	10,506	10,530	24
Resources Development Policy						
226	235	9	Transportation and Communications	1,199	1,176	(23)
55	74	19	Natural Resources	289	331	42
26	23	(3)	Housing	258	271	13
22	31	9	Environment	185	182	(3)
25	25	—	Agriculture and Food	182	201	19
11	14	3	Industry and Tourism	74	73	(1)
6	8	2	Labour and Manpower	50	51	1
1	1	—	Energy	31	30	(1)
372	411	39	Sub-Total	2,268	2,315	47
Justice Policy						
31	36	5	Solicitor General	192	191	(1)
33	36	3	Attorney General	165	164	(1)
23	28	5	Correctional Services	146	155	9
13	16	3	Consumer and Commercial Relations	73	75	2
100	116	16	Sub-Total	576	585	9
Other Ministries						
246	104	(142)	Intergovernmental Affairs	469	461	(8)
71	68	(3)	Government Services	287	285	(2)
38	43	5	Revenue	219	218	(1)
—	—	—	Pensioner Property Tax Grants	214	214	—
—	—	—	Pensioner Sales Tax Grants	41	41	—
9	14	5	Northern Affairs	157	154	(3)
3	3	—	Treasury and Economics	22	22	—
—	8	8	Employment Development Fund	125	125	—
4	5	1	Assembly	22	22	—
3	4	1	Management Board	11	11	—
1	1	—	Ombudsman	5	5	—
2	2	—	Other	12	12	—
377	252	(125)	Sub-Total	1,584	1,570	(14)
328	366	38	Public Debt — Interest	1,614	1,596	(18)
—	—	—	Contingency Fund	161	121	(40)
3,605	3,851	246	TOTAL BUDGETARY EXPENDITURE	16,709	16,717	8

NON-BUDGETARY TRANSACTIONS 1980-81

TABLE 4

Comparative Budget Performance			1980-81			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
12	13	1	Education Capital Aid Corporation	76	78	2
5	12	7	Investment in Environmental Protection	31	31	—
5	5	—	Universities Capital Aid Corporation	30	29	(1)
3	4	1	Ontario Development Corporations	24	22	(2)
19	9	(10)	Ontario Mortgage Corporation	23	23	—
—	—	—	Loans to Public Hospitals	17	17	—
1	2	1	Tile Drainage Debentures	12	12	—
—	1	1	Ontario Land Corporation	9	15	6
1	1	—	Municipal Works Assistance	5	5	—
—	—	—	Municipal Improvement Corporation	4	3	(1)
4	3	(1)	Ontario Junior Farmers	4	3	(1)
—	—	—	Ontario Housing Corporation	1	1	—
105	—	(105)	Ontario Energy Corporation	—	—	—
5	—	(5)	Nuclear Power Generating Station	—	—	—
7	8	1	Other	9	15	6
167	58	(109)	Sub-Total	245	254	9
DISBURSEMENTS						
Loans and Investments						
24	20	(4)	Investment in Environmental Protection	126	123	(3)
8	6	(2)	Ontario Development Corporations	37	37	—
3	1	(2)	Tile Drainage Debentures	25	20	(5)
1	—	(1)	Ontario Land Corporation	24	27	3
—	3	3	Regional and Municipal Public Works	8	8	—
1	7	6	Ontario Housing Corporation	7	7	—
—	—	—	Municipal Improvement Corporation	4	4	—
1	—	(1)	Education Capital Aid Corporation	—	—	—
—	—	—	Crop Insurance Commission	—	—	—
1	1	—	Other	2	1	(1)
39	38	(1)	Sub-Total	233	227	(6)
128	20	(108)	NET DECREASE IN LENDING ACTIVITY	12	27	15

**NON-BUDGETARY
TRANSACTIONS 1980-81**

TABLE 5

Comparative Budget Performance			1980-81			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
14	18	4	Public Service Superannuation Fund	368	368	—
			Superannuation Adjustment Fund			
6	5	(1)	Teachers' Superannuation Plan	81	81	—
3	4	1	Public Service Superannuation Plan	42	42	—
27	(13)	(40)	Province of Ontario Savings Deposits (Net)	74	64	(10)
6	3	(3)	The Provincial Lottery	23	23	—
—	—	—	Super Loto	19	19	—
3	1	(2)	Motor Vehicle Accident Claims Fund	10	10	—
12	7	(5)	Other	12	12	—
71	25	(46)	Sub-Total	629	619	(10)
CHARGES						
Payments from Special Purpose Accounts						
19	22	3	Public Service Superannuation Fund	93	93	—
2	3	1	Superannuation Adjustment Fund	17	17	—
1	3	2	The Provincial Lottery	26	26	—
—	—	—	Super Loto	19	19	—
3	3	—	Motor Vehicle Accident Claims Fund	17	17	—
1	1	—	Other	7	5	(2)
26	32	6	Sub-Total	179	177	(2)
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
45	(7)	(52)		450	442	(8)



SEPTEMBER 30, 1980

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Ontario finances

This is the second progress report on the performance of the 1980 Ontario Budget. It provides a revised outlook for the remainder of 1980-81 and a comparison of the first six months' performance this fiscal year with the same period in 1979-80.

Net cash requirements are now estimated at \$982 million, up \$21 million from the June report and \$33 million higher than the original budget estimate. This increase is attributable to a downward revision in the Provincial revenue estimate.

	1979-80 Actual Results	Budget Plan	1980-81 Revised Outlook	In-Year Change	Change Over 1979-80
		(Millions of Dollars)			%
Revenues	15,246	16,172	16,139	- 33	5.9
Expenditures	15,830	17,121	17,121	0	8.2
Net Cash Requirements	584	949	982	- 33	

The Province has been able to hold to its expenditure target of \$17,121 million despite continued pressures. Since the last report a further \$24 million in funding requirements have been identified, \$11 million of which are for social service programs. However, these increases have been financed by re-directing funds from other programs where savings have been identified. For example, extra fire-fighting in Northern Ontario will cost \$13 million less than originally anticipated in the June report.

Overall, the revenue forecast has been reduced by a further \$21 million since June. The forecast for retail sales tax, a revenue source which is particularly sensitive to changes in economic conditions, has been reduced by a further \$45 million to a level \$70 million below the original projection. However, while overall economic performance has been sluggish, the corporate sector appears to be holding up well, and corporate taxes continue to show strength with collections running 17 per cent above last year. It is apparent that a major inventory adjustment which had such a dramatic effect during the 1975-76 recession is not required, and the overall health of the sector is good. On the personal tax side, the Department of Finance has made an adjustment to its forecast of personal income tax revenue which will reduce Provincial transfers by \$18 million this year.

In sum, the financial forecast seems likely to hold steady, assuming economic conditions do not deteriorate between now and the end of the fiscal year.

Actual results for the first six months of the fiscal year show revenues amounting to \$7,231 million or 8.4 per cent over the first half of 1979-80. During the same period expenditures were \$8,207 million for an increase of 12.5 per cent.

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**STATEMENT OF CASH REQUIREMENTS
AND RELATED FINANCING 1980-81**

TABLE 1

Comparative Budget Performance			1980-81		
6 Months		Increase	Budget	Revised	Increase
1979-80	1980-81	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
BUDGETARY TRANSACTIONS					
6,299	6,981	682	Revenue (Table 2)	15,298	15,271 (27)
7,130	8,046	916	Expenditure (Table 3)	16,709	16,721 12
831	1,065	234	Budgetary Deficit	1,411	1,450 39
NON-BUDGETARY TRANSACTIONS					
Lending and Investment Activity (Table 4)					
219	122	(97)	Receipts	245	257 12
107	95	(12)	Disbursements	233	224 (9)
112	27	(85)	Net Decrease in Lending Activity (A)	12	33 21
Special Purpose Accounts (Table 5)					
155	128	(27)	Credits	629	611 (18)
55	66	11	Charges	179	176 (3)
100	62	(38)	Net Increase in Special Purpose Accounts (B)	450	435 (15)
212	89	(123)	Non-Budgetary Surplus (A + B)	462	468 6
619	976	357	NET CASH REQUIREMENTS¹	949	982 33
FINANCING					
Non-Public Borrowing					
653	190	(463)	Canada Pension Plan	550	550 —
83	93	10	Teachers' Superannuation Plan	547	547 —
26	9	(17)	CMHC Pollution Control Loans	24	24 —
(7)	(9)	(2)	Retirements	(25)	(31) (6)
755	283	(472)	Net Non-Public Borrowing	1,096	1,090 (6)
Public Borrowing					
(325)	—	325	Treasury Bills — Net	—	— —
(29)	(128)	(99)	Public Debentures — Net	(138)	(138) —
(354)	(128)	226	Net Public Borrowing	(138)	(138) —
(218)	(821)	(603)	Increase (Decrease) in Liquid Reserves	9	(30) (39)
619	976	357	TOTAL FINANCING	949	982 33

¹ Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1980-81

TABLE 2

Comparative Budget Performance			1980-81		
6 Months 1979-80	1980-81	Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)		
			TAXATION		
1,254	1,448	194	Personal Income Tax (Net of Credits)	3,430	3,412 (18)
—	10	10	Revenue Guarantee	10	9 (1)
617	721	104	Corporation Income Tax	1,270	1,683 31
4	4	—	Capital Tax	274	
1,177	1,240	63	Insurance Premiums Tax	108	125 —
307	319	12	Mining Profits Tax	125	125 (70)
62	64	2	Retail Sales Tax	2,670	2,600 (5)
19	24	5	Gasoline Tax	631	626 (3)
121	138	17	Motor Vehicle Fuel Tax	135	132 1
42	48	6	Reciprocal Taxation	46	47 —
26	28	2	Tobacco Tax	291	291 (4)
35	11	(24)	Land Transfer Tax	100	96 1
—	23	23	Race Tracks Tax	55	56 5
1	1	—	Succession Duty	8	13 —
3,665	4,079	414	Income Tax — Public Utilities	23	23 (1)
			Other Taxation	4	3 (64)
			Total Taxation Revenue	9,180	9,116
			OTHER REVENUE		
475	489	14	Premiums — OHIP	1,054	1,054 —
185	180	(5)	LCBO Profits	423	430 7
62	66	4	Vehicle Registration Fees	336	336 —
138	149	11	Other Fees and Licences	290	296 6
31	36	5	Fines and Penalties	70	73 3
21	43	22	Ontario Lottery Profits	67	80 13
20	29	9	Sales and Rentals	65	65 —
29	32	3	Royalties	64	64 —
32	33	1	Utility Service Charges	52	52 —
66	46	(20)	Miscellaneous ¹	167	167 —
1,059	1,103	44	Total Other Revenue	2,588	2,617 29
			FEDERAL GOVERNMENT PAYMENTS		
938	990	52	Established Programs Financing	1,963	1,960 (3)
14	—	(14)	Hospital Insurance	7	(2) (9)
104	115	11	Extended Health Care Services	230	230 —
235	278	43	Canada Assistance Plan	506	517 11
38	56	18	Adult Occupational Training	104	104 —
—	16	16	Community Service Contribution Program	39	39 —
2	34	32	Bilingualism Development	60	62 2
2	3	1	Economic Development	19	17 (2)
6	10	4	Vocational Rehabilitation	12	12 —
21	26	5	Other Federal Payments	68	71 3
1,360	1,528	168	Total Federal Government Payments	3,008	3,010 2
215	271	56	Interest on Investments	522	528 6
6,299	6,981	682	TOTAL BUDGETARY REVENUE	15,298	15,271 (27)

¹Includes the Pickering Agreement Settlement

**BUDGETARY
EXPENDITURE 1980-81**

TABLE 3

Comparative Budget Performance			1980-81			
6 Months		Increase	POLICY FIELDS AND MINISTRIES	Budget Estimate	Revised Estimate	Increase (Decrease)
1979-80	1980-81	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
			Social Development Policy			
1,900	2,256	356	Health	4,717	4,749	32
1,473	1,547	74	Education	2,617	2,619	2
619	669	50	Colleges and Universities	1,526	1,525	(1)
584	667	83	Community and Social Services	1,455	1,495	40
105	115	10	Culture and Recreation	191	190	(1)
4,681	5,254	573	Sub-Total	10,506	10,578	72
			Resources Development Policy			
553	591	38	Transportation and Communications	1,199	1,195	(4)
139	185	46	Natural Resources	289	334	45
73	94	21	Housing	258	276	18
56	74	18	Environment	185	184	(1)
56	59	3	Agriculture and Food	182	200	18
24	31	7	Industry and Tourism	74	77	3
17	21	4	Labour and Manpower	50	52	2
3	5	2	Energy	31	31	—
921	1,060	139	Sub-Total	2,268	2,349	81
			Justice Policy			
80	90	10	Solicitor General	192	209	17
72	81	9	Attorney General	165	173	8
62	67	5	Correctional Services	146	156	10
32	37	5	Consumer and Commercial Relations	73	75	2
246	275	29	Sub-Total	576	613	37
			Other Ministries			
392	290	(102)	Intergovernmental Affairs	469	454	(15)
142	140	(2)	Government Services	287	289	2
88	98	10	Revenue	219	222	3
—	132	132	Pensioner Property Tax Grants	214	214	—
—	40	40	Pensioner Sales Tax Grants	41	41	—
49	62	13	Northern Affairs	157	154	(3)
7	8	1	Treasury and Economics	22	23	1
14	17	3	Employment Development Fund	125	125	—
9	10	1	Assembly	22	22	—
5	6	1	Management Board	11	11	—
2	2	—	Ombudsman	5	5	—
5	5	—	Other	12	13	1
713	810	97	Sub-Total	1,584	1,573	(11)
569	647	78	Public Debt — Interest	1,614	1,594	(20)
—	—	—	Contingency Fund	161	14	(147)
7,130	8,046	916	TOTAL BUDGETARY EXPENDITURE	16,709	16,721	12

**NON-BUDGETARY
TRANSACTIONS 1980-81**

TABLE 4

Comparative Budget Performance			1980-81			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
35	37	2	Education Capital Aid Corporation	76	78	2
14	17	3	Investment in Environmental Protection	31	31	—
13	13	—	Universities Capital Aid Corporation	30	29	(1)
7	8	1	Ontario Development Corporations	24	22	(2)
11	7	(4)	Ontario Mortgage Corporation	23	19	(4)
—	12	12	Loans to Public Hospitals	17	17	—
4	5	1	Tile Drainage Debentures	12	12	—
—	1	1	Ontario Land Corporation	9	15	6
2	2	—	Municipal Works Assistance	5	5	—
1	1	—	Municipal Improvement Corporation	4	4	—
3	2	(1)	Ontario Junior Farmers	4	3	(1)
—	—	—	Ontario Housing Corporation	1	1	—
105	—	(105)	Ontario Energy Corporation	—	—	—
12	—	(12)	Nuclear Power Generating Station	—	—	—
12	17	5	Other	9	21	12
219	122	(97)	Sub-Total	245	257	12
DISBURSEMENTS						
Loans and Investments						
60	55	(5)	Investment in Environmental Protection	126	125	(1)
17	13	(4)	Ontario Development Corporations	37	36	(1)
9	7	(2)	Tile Drainage Debentures	25	20	(5)
10	5	(5)	Ontario Land Corporation	24	24	—
1	3	2	Regional and Municipal Public Works	8	8	—
2	1	(1)	Ontario Housing Corporation	7	5	(2)
—	—	—	Municipal Improvement Corporation	4	4	—
6	—	(6)	Education Capital Aid Corporation	—	—	—
2	11	9	Other	2	2	—
107	95	(12)	Sub-Total	233	224	(9)
112	27	(85)	NET DECREASE IN LENDING ACTIVITY	12	33	21

**NON-BUDGETARY
TRANSACTIONS 1980-81**

TABLE 5

Comparative Budget Performance			1980-81			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
CREDITS						
Payments into Special Purpose Accounts						
53	58	5	Public Service Superannuation Fund	368	368	—
			Superannuation Adjustment Fund			
11	23	12	Teachers' Superannuation Plan	81	82	1
11	12	1	Public Service Superannuation Plan	42	42	—
56	19	(37)	Province of Ontario Savings Deposits (Net)	74	64	(10)
12	8	(4)	The Provincial Lottery	23	23	—
—	—	—	Super Loto	19	10	(9)
6	4	(2)	Motor Vehicle Accident Claims Fund	10	10	—
6	4	(2)	Other	12	12	—
155	128	(27)	Sub-Total	629	611	(18)
CHARGES						
Payments from Special Purpose Accounts						
38	43	5	Public Service Superannuation Fund	93	93	—
4	6	2	Superannuation Adjustment Fund	17	17	—
3	5	2	The Provincial Lottery	26	26	—
—	1	1	Super Loto	19	19	—
8	7	(1)	Motor Vehicle Accident Claims Fund	17	17	—
2	4	2	Other	7	4	(3)
55	66	11	Sub-Total	179	176	(3)
NET INCREASE IN SPECIAL PURPOSE ACCOUNTS						
100	62	(38)		450	435	(15)



DECEMBER 31, 1980

Ontario finances

This is the third quarter update on the performance of the 1980 Ontario Budget and subsequent "Supplementary Measures to Stimulate the Ontario Economy" of November 13, 1980. It includes a comparison of the first nine months' results in the 1980-81 fiscal year with the results for the same period in 1979-80.

The results show an improvement of \$78 million in the overall financial position since the November "Supplementary Measures" were introduced, with net cash requirements now projected at \$981 million.

	1980-81			Change From	
	Budget Plan	Supplementary Measures	Revised Outlook	Supplementary Measures	Budget Plan
	(Millions of Dollars)				
Revenues	16,172	16,062	16,240	+ 178	+ 68
Expenditure	17,121	17,121	17,221	+ 100	+ 100
Net Cash Requirements	949	1,059	981	- 78	+ 32

The revised forecast for total expenditure is now projected at \$17,221 million, an increase of \$100 million over the original Budget plan. Of this total, \$85 million has been provided to the Ministry of Health for the operation of hospitals and payments to doctors under OHIP. In addition, funding for social assistance programs was enriched by \$15 million. Other spending pressures have been financed by an internal reallocation of funds.

The strengthening of the Province's revenue position is attributable mainly to a payment of monies owed by the federal government in respect of 1979 personal income taxes. The net change from the original Budget estimate for personal income tax payments is \$97 million. In addition, the high level of interest rates in recent months has prompted an increase in the projection of interest earnings of \$11 million. The Province of Ontario Savings Office also appears to be benefiting from this situation with deposits now running \$20 million above the level last reported. Overall, the revenue forecast is now \$68 million higher than the original Budget projection and \$178 million above the level reported in the "Supplementary Measures" despite the revenue loss of \$77 million associated with the stimulatory sales tax cut announced at that time.

For the nine months ended December 31, 1980, revenues amounted to \$11,202 million or 7.7 per cent over the same period last year. Expenditures were \$12,400 million, for an increase of 13.3 per cent over the same period in 1979-80.

The Honourable Frank S. Miller
Treasurer of Ontario

A. Rendall Dick
Deputy Treasurer

Issued in January, July and October
by the Fiscal Planning Policy Branch
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STATEMENT OF CASH REQUIREMENTS AND RELATED FINANCING 1980-81

TABLE 1

Comparative Budget Performance			1980-81			
9 Months		Increase				
1979-80	1980-81	(Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
(Millions of Dollars)			(Millions of Dollars)			
BUDGETARY TRANSACTIONS						
9,812	10,746	934	Revenue (Table 2)	15,298	15,334	36
10,647	12,147	1,500	Expenditure (Table 3)	16,709	16,810	101
835	1,401	566	Budgetary Deficit	1,411	1,476	65
NON-BUDGETARY TRANSACTIONS						
Lending and Investment Activity (Table 4)						
317	207	(110)	Receipts	245	271	26
212	149	(63)	Disbursements	233	236	3
105	58	(47)	Net Decrease in Lending Activity (A)	12	35	23
Special Purpose Accounts (Table 5)						
271	249	(22)	Credits	629	635	6
85	104	19	Charges	179	175	(4)
186	145	(41)	Net Increase in Special Purpose Accounts (B)	450	460	10
291	203	(88)	Non-Budgetary Surplus (A + B)	462	495	33
544	1,198	654	NET CASH REQUIREMENTS¹	949	981	32
FINANCING						
Non-Public Borrowing						
861	382	(479)	Canada Pension Plan	550	550	—
215	268	53	Teachers' Superannuation Plan	547	569	22
35	16	(19)	CMHC Pollution Control Loans	24	24	—
(13)	(12)	1	Retirements	(25)	(23)	2
1,098	654	(444)	Net Non-Public Borrowing	1,096	1,120	24
Public Borrowing						
(325)	(128)	197	Treasury Bills — Net	—	—	—
(61)	—	61	Public Debentures — Net	(138)	(138)	—
(386)	(128)	258	Net Public Borrowing	(138)	(138)	—
168	(672)	(840)	Increase (Decrease) in Liquid Reserves	9	1	(8)
544	1,198	654	TOTAL FINANCING	949	981	32

¹ Excludes transactions relating to funds borrowed on behalf of Ontario Hydro

BUDGETARY REVENUE 1980-81

TABLE 2

Comparative Budget Performance				1980-81		
9 Months		Increase		Budget	Revised	Increase
1979-80	1980-81	(Decrease)		Estimate	Estimate	(Decrease)
(Millions of Dollars)				(Millions of Dollars)		
			TAXATION			
2,127	2,400	273	Personal Income Tax (Net of Credits)	3,430	3,527	97
—	9	9	Revenue Guarantee	10	9	(1)
			Corporation Income Tax	1,270	1,683	31
965	1,087	122	Capital Tax	274		
			Insurance Premiums Tax	108		
4	4	—	Mining Profits Tax	125	125	—
1,793	1,910	117	Retail Sales Tax	2,670	2,523	(147)
470	476	6	Gasoline Tax	631	622	(9)
97	100	3	Motor Vehicle Fuel Tax	135	132	(3)
29	37	8	Reciprocal Taxation	46	51	5
199	214	15	Tobacco Tax	291	291	—
80	65	(15)	Land Transfer Tax	100	96	(4)
39	43	4	Race Tracks Tax	55	56	1
39	18	(21)	Succession Duty	8	23	15
—	23	23	Income Tax — Public Utilities	23	38	15
2	1	(1)	Other Taxation	4	3	(1)
5,844	6,387	543	Total Taxation Revenue	9,180	9,179	(1)
			OTHER REVENUE			
733	760	27	Premiums — OHIP	1,054	1,054	—
288	302	14	LCBO Profits	423	430	7
86	90	4	Vehicle Registration Fees	336	336	—
200	217	17	Other Fees and Licences	290	288	(2)
50	54	4	Fines and Penalties	70	73	3
29	72	43	Ontario Lottery Profits	67	89	22
35	43	8	Sales and Rentals	65	66	1
46	49	3	Royalties	64	64	—
51	52	1	Utility Service Charges	52	52	—
85	88	3	Miscellaneous ¹	167	161	(6)
1,603	1,727	124	Total Other Revenue	2,588	2,613	25
			FEDERAL GOVERNMENT PAYMENTS			
1,395	1,467	72	Established Programs Financing	1,963	1,948	(15)
24	—	(24)	Hospital Insurance	7	(3)	(10)
156	173	17	Extended Health Care Services	230	230	—
357	412	55	Canada Assistance Plan	506	530	24
64	82	18	Adult Occupational Training	104	104	—
—	25	25	Community Service Contribution Program	39	39	—
2	34	32	Bilingualism Development	60	62	2
3	4	1	Economic Development	19	17	(2)
9	14	5	Vocational Rehabilitation	12	15	3
36	39	3	Other Federal Payments	68	61	(7)
2,046	2,250	204	Total Federal Government Payments	3,008	3,003	(5)
319	382	63	Interest on Investments	522	539	17
9,812	10,746	934	TOTAL BUDGETARY REVENUE	15,298	15,334	36

¹ Includes the Pickering Agreement Settlement

BUDGETARY EXPENDITURE 1980-81

TABLE 3

Comparative Budget Performance			1980-81			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
2,968	3,474	506	Health	4,717	4,817	100
1,981	2,137	156	Education	2,617	2,620	3
967	1,041	74	Colleges and Universities	1,526	1,525	(1)
912	1,044	132	Community and Social Services	1,455	1,500	45
143	154	11	Culture and Recreation	191	204	13
6,971	7,850	879	Sub-Total	10,506	10,666	160
Resources Development Policy						
796	872	76	Transportation and Communications	1,199	1,196	(3)
199	263	64	Natural Resources	289	340	51
101	131	30	Housing	258	266	8
85	119	34	Environment	185	184	(1)
79	93	14	Agriculture and Food	182	201	19
41	52	11	Industry and Tourism	74	79	5
26	34	8	Labour and Manpower	50	53	3
5	10	5	Energy	31	31	—
1,332	1,574	242	Sub-Total	2,268	2,350	82
Justice Policy						
124	142	18	Solicitor General	192	212	20
109	127	18	Attorney General	165	174	9
91	106	15	Correctional Services	146	157	11
49	56	7	Consumer and Commercial Relations	73	76	3
373	431	58	Sub-Total	576	619	43
Other Ministries						
513	436	(77)	Intergovernmental Affairs	469	463	(6)
198	209	11	Government Services	287	288	1
136	160	24	Revenue	219	220	1
—	202	202	Pensioner Property Tax Grants	214	214	—
—	41	41	Pensioner Sales Tax Grants	41	41	—
101	109	8	Northern Affairs	157	154	(3)
13	13	—	Treasury and Economics	22	22	—
40	31	(9)	Employment Development Fund	125	115	(10)
13	16	3	Assembly	22	25	3
8	10	2	Management Board	11	12	1
3	3	—	Ombudsman	5	5	—
7	8	1	Other	12	13	1
1,032	1,238	206	Sub-Total	1,584	1,572	(12)
939	1,054	115	Public Debt — Interest	1,614	1,603	(11)
—	—	—	Contingency Fund	161	—	(161)
10,647	12,147	1,500	TOTAL BUDGETARY EXPENDITURE	16,709	16,810	101

NON-BUDGETARY TRANSACTIONS 1980-81

TABLE 4

Comparative Budget Performance			1980-81			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayments of Loans and Investments						
57	60	3	Education Capital Aid Corporation	76	78	2
26	38	12	Investment in Environmental Protection	31	45	14
20	20	—	Universities Capital Aid Corporation	30	30	—
13	13	—	Ontario Development Corporations	24	22	(2)
45	19	(26)	Ontario Mortgage Corporation	23	19	(4)
10	9	(1)	Loans to Public Hospitals	17	17	—
8	9	1	Tile Drainage Debentures	12	12	—
—	1	1	Ontario Land Corporation	9	20	11
3	3	—	Municipal Works Assistance	5	5	—
3	2	(1)	Municipal Improvement Corporation	4	4	—
6	5	(1)	Ontario Junior Farmers	4	3	(1)
—	—	—	Ontario Housing Corporation	1	1	—
—	6	6	Crop Insurance Commission	—	6	6
105	—	(105)	Ontario Energy Corporation	—	—	—
15	—	(15)	Nuclear Power Generating Station	—	—	—
6	22	16	Other	9	9	—
317	207	(110)	Sub-Total	245	271	26
DISBURSEMENTS						
Loans and Investments						
99	89	(10)	Investment in Environmental Protection	126	125	(1)
25	20	(5)	Ontario Development Corporations	37	36	(1)
16	15	(1)	Tile Drainage Debentures	25	25	—
13	9	(4)	Ontario Land Corporation	24	23	(1)
1	4	3	Regional and Municipal Public Works	8	4	(4)
2	3	1	Ontario Housing Corporation	7	5	(2)
1	1	—	Municipal Improvement Corporation	4	4	—
27	—	(27)	Education Capital Aid Corporation	—	—	—
25	—	(25)	Crop Insurance Commission	—	—	—
—	5	5	Employment Development Fund	—	10	10
3	3	—	Other	2	4	2
212	149	(63)	Sub-Total	233	236	3
105	58	(47)	NET DECREASE IN LENDING ACTIVITY	12	35	23

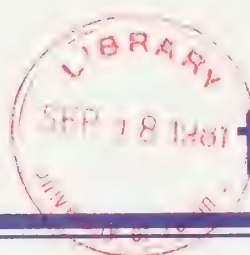
NON-BUDGETARY TRANSACTIONS 1980-81

TABLE 5

Comparative Budget Performance			1980-81			
9 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1979-80	1980-81					
(Millions of Dollars)			(Millions of Dollars)			
89	98	9	CREDITS			
17	39	22	Payments into Special Purpose Accounts			
16	19	3	Public Service Superannuation Fund	368	376	8
108	58	(50)	Superannuation Adjustment Fund			
19	18	(1)	Teachers' Superannuation Plan	81	80	(1)
—	—	—	Public Service Superannuation Plan	42	44	2
9	6	(3)	Province of Ontario Savings Deposits (Net)	74	84	10
13	11	(2)	The Provincial Lottery	23	23	—
271	249	(22)	Super Loto	19	5	(14)
			Motor Vehicle Accident Claims Fund	10	10	—
			Other	12	13	1
			Sub-Total	629	635	6
			CHARGES			
			Payments from Special Purpose Accounts			
59	66	7	Public Service Superannuation Fund	93	91	(2)
6	11	5	Superannuation Adjustment Fund	17	17	—
5	12	7	The Provincial Lottery	26	40	14
—	—	—	Super Loto	19	5	(14)
11	10	(1)	Motor Vehicle Accident Claims Fund	17	17	—
4	5	1	Other	7	5	(2)
85	104	19	Sub-Total	179	175	(4)
186	145	(41)	NET INCREASE IN SPECIAL PURPOSE ACCOUNTS			
				450	460	10

Ministry of Treasury
and Economics

JUNE 30, 1981



Ontario finances

This report covers developments in the first quarter and provides an update on the 1981 Ontario Budget outlook. Net cash requirements are now forecast at \$998 million, or \$1 million above the original Budget estimate.

Also included in this report are unaudited results for the 1980-81 fiscal year. Cash requirements last year were \$146 million below the original Budget Plan. This improvement was due to an increase in revenues generated as a result of a stronger than anticipated economy in the latter half of the fiscal year coupled with the Government's determination to fund in-year increases, whenever possible, from within the original expenditure appropriation.

	1980-81 Actual Results	Budget Plan	1981-82 Revised Outlook	In-Year Change	Change Over 1980-81
		(Millions of Dollars)			%
Revenues	16,470	18,403	18,495	+ 92	12.3
Expenditures	17,273	19,400	19,493	+ 93	12.9
Net Cash Requirements	803	997	998	+ 1	

Currently, \$183 million in potential expenditure overruns have been identified. These include \$118 million for the operation of hospitals and \$40 million for the recently announced relief programs for cattle and hog farmers. Redeploying funds from other programs, where some degree of flexibility is available, will finance \$90 million of these overruns. The revised expenditure forecast is therefore \$19,493 million, \$93 million more than originally planned. However, the revised expenditure growth rate of 12.9 per cent still remains below the projected rate of growth for Gross Provincial Product of 13.6 per cent.

The revenue forecast has been increased by \$92 million. The main elements of this adjustment are a \$50 million increase in Gasoline and Motor Vehicle Fuel Taxes, stemming from recent price increases; an increase of \$25 million in interest income, resulting from prevailing high interest rates; and various other adjustments totalling \$17 million.

For the three months ending June 30, 1981, revenues amounted to \$3,982 million or 12.8 per cent above the same period last year. Expenditures were \$4,779 million, an increase of 21.9 per cent over the corresponding period last year. The high first quarter growth in expenditures is the result of an anomaly in 1980-81 cash flows relating to the Province's decision to accelerate local government payments into 1979-80 in order to relieve the effects of high interest rates on the local sector. The historical pattern of financial flows has been reestablished this year.

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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS AND RELATED FINANCING 1981-82

TABLE 1

Comparative Budget Performance			1981-82			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82					
(Millions of Dollars)			(Millions of Dollars)			
CONSOLIDATED REVENUE FUND INFLOWS						
3,446	3,873	427	Budgetary Revenue (Table 2)	17,458	17,535	77
83	109	26	Receipts and Credits (Table 4)	945	960	15
3,529	3,982	453	Total Revenues	18,403	18,495	92
CONSOLIDATED REVENUE FUND OUTFLOWS						
3,851	4,704	853	Budgetary Expenditure (Table 3)	18,980	19,071	91
70	75	5	Disbursements and Charges (Table 5)	420	422	2
3,921	4,779	858	Total Expenditures	19,400	19,493	93
392	797	405	NET CASH REQUIREMENTS	997	998	1

FINANCING						
Non-Public Borrowing						
123	472	349	Canada Pension Plan	600	600	—
93	125	32	Teachers' Superannuation Fund	655	662	7
7	(2)	(9)	CMHC Pollution Control Loans	5	5	—
(3)	(2)	1	Retirements	(12)	(12)	—
220	593	373	Net Non-Public Borrowing	1,248	1,255	7
Public Borrowing						
—	—	—	Debenture Issues	—	—	—
(37)	(19)	18	Debenture Retirements	(61)	(61)	—
(37)	(19)	18	Net Public Borrowing	(61)	(61)	—
(209)	(223)	(14)	Increase (Decrease) in Liquid Reserves	190	196	6
392	797	405	TOTAL FINANCING	997	998	1

REVENUES 1981-82

TABLE 2

Comparative Budget Performance			1981-82		
3 Months		Increase	Budget	Revised	Increase
1980-81	1981-82	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
725	946	221	TAXATION		
10	—	(10)	Personal Income Tax (Net of Credits)	4,380	4,380
			Revenue Guarantee	—	—
			Corporation Taxes		
363	366	3	Income Tax	1,515	1,515
			Capital Tax	329	329
			Insurance Premiums Tax	118	118
2	2	—	Mining Profits Tax	140	140
580	634	54	Retail Sales Tax	2,831	2,828
149	151	2	Gasoline Tax	752	793
31	33	2	Motor Vehicle Fuel Tax	153	162
12	15	3	Reciprocal Taxation	57	57
62	67	5	Tobacco Tax	343	344
24	41	17	Land Transfer Tax	110	109
14	15	1	Race Tracks Tax	60	60
8	2	(6)	Succession Duty	5	5
23	—	(23)	Public Utilities Income Tax	34	34
1	1	—	Other Taxation	3	3
2,004	2,273	269	Total Taxation Revenue	10,830	10,877
			OTHER REVENUE		
234	237	3	OHIP Premiums	1,194	1,195
126	147	21	Interest on Investments	484	509
79	91	12	LCBO Profits	621	601
44	39	(5)	Vehicle Registration Fees	340	340
66	77	11	Other Fees and Licences	186	206
17	18	1	Fines and Penalties	77	77
22	26	4	Ontario Lottery Profits	122	122
13	16	3	Sales and Rentals	64	64
20	16	(4)	Royalties	78	78
17	16	(1)	Utility Service Charges	60	60
24	39	15	Miscellaneous	105	105
662	722	60	Total Other Revenue	3,331	3,357
			FEDERAL GOVERNMENT PAYMENTS		
491	543	52	Established Programs Financing	2,147	2,150
—	—	—	Hospital Insurance	9	9
57	64	7	Extended Health Care Services	256	256
142	159	17	Canada Assistance Plan	582	582
30	33	3	Adult Occupational Training	115	115
6	17	11	Community Service Contribution Program	60	60
34	34	—	Bilingualism Development	35	35
3	4	1	Economic Development	17	17
8	6	(2)	Vocational Rehabilitation	17	17
1	5	4	Crop Insurance	15	15
3	2	(1)	Indian Welfare Services	14	14
5	11	6	Other Federal Payments	30	31
780	878	98	Total Federal Government Payments	3,297	3,301
3,446	3,873	427	TOTAL BUDGETARY REVENUE	17,458	17,535
			Non-Budgetary Inflows (Table 4)		
58	68	10	Receipts	290	295
25	41	16	Credits	655	665
83	109	26		945	960
3,529	3,982	453	TOTAL REVENUES	18,403	18,495

EXPENDITURES

1981-82

TABLE 3

Comparative Budget Performance			1981-82			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82					
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
1,065	1,209	144	Health	5,531	5,631	100
1,009	1,238	229	Education	2,973	2,959	(14)
281	306	25	Colleges and Universities	1,672	1,668	(4)
294	336	42	Community and Social Services	1,653	1,652	(1)
57	60	3	Culture and Recreation	203	197	(6)
—	1	1	Social Secretariat	4	4	—
2,706	3,150	444	Sub-Total	12,036	12,111	75
Resources Development Policy						
235	241	6	Transportation and Communications	1,254	1,245	(9)
74	78	4	Natural Resources	322	321	(1)
23	42	19	Housing	288	277	(11)
31	37	6	Environment	202	203	1
25	37	12	Agriculture and Food	191	230	39
14	18	4	Industry and Tourism	87	86	(1)
8	10	2	Labour	56	55	(1)
1	2	1	Energy	44	43	(1)
—	—	—	Resources Secretariat	3	3	—
411	465	54	Sub-Total	2,447	2,463	16
Justice Policy						
36	38	2	Solicitor General	225	225	—
36	40	4	Attorney General	184	184	—
28	32	4	Correctional Services	163	163	—
16	19	3	Consumer and Commercial Relations	80	80	—
—	—	—	Justice Secretariat	1	1	—
116	129	13	Sub-Total	653	653	—
General Government						
104	276	172	Intergovernmental Affairs	655	655	—
43	163	120	Revenue	522	522	—
68	72	4	Government Services	294	295	1
14	12	(2)	Northern Affairs	156	156	—
3	3	—	Treasury and Economics	23	19	(4)
8	—	(8)	EDF	—	—	—
—	15	15	BILD	135	135	—
7	12	5	Board of Internal Economy	36	36	—
1	1	—	Legislative and Executive Offices	3	3	—
4	4	—	Management Board	12	12	—
252	558	306	Sub-Total	1,836	1,833	(3)
366	402	36	Public Debt — Interest	1,823	1,826	3
—	—	—	Contingency Fund	185	185	—
3,851	4,704	853	TOTAL BUDGETARY EXPENDITURE	18,980	19,071	91
Non-Budgetary Outflows (Table 5)						
38	36	(2)	Disbursements	226	228	2
32	39	7	Charges	194	194	—
70	75	5		420	422	2
3,921	4,779	858	TOTAL EXPENDITURES	19,400	19,493	93

**DETAILS OF NON-BUDGETARY INFLOWS
1981-82**

TABLE 4

Comparative Budget Performance			1981-82			
3 Months		Increase		Budget Estimate	Revised Estimate	Increase (Decrease)
1980-81	1981-82	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayment of Loans, Advances and Investments						
13	13	—	Education Capital Aid Corporation	82	82	—
12	19	7	Investment in Environmental Protection	65	67	2
5	5	—	Universities Capital Aid Corporation	31	31	—
4	4	—	Ontario Development Corporations	22	22	—
9	15	6	Ontario Mortgage Corporation	18	18	—
—	—	—	Loans to Public Hospitals	18	18	—
1	—	(1)	Ontario Land Corporation	18	17	(1)
2	2	—	Tile Drainage Debentures	13	14	1
1	1	—	Municipal Works Assistance	5	5	—
—	—	—	Municipal Improvement Corporation	3	3	—
3	3	—	Ontario Junior Farmers	3	3	—
6	2	(4)	Crop Insurance Commission	1	3	2
—	—	—	Ontario Housing Corporation	1	1	—
2	4	2	Other	10	11	1
58	68	10	TOTAL RECEIPTS	290	295	5
CREDITS						
Payments into Special Purpose Accounts						
18	18	—	Public Service Superannuation Fund	411	412	1
			Superannuation Adjustment Fund			
5	14	9	Teachers' Superannuation Fund	95	99	4
4	4	—	Public Service Superannuation Plan	51	51	—
			Province of Ontario Savings			
(13)	(3)	10	Deposits (net)	40	45	5
3	4	1	The Provincial Lottery	25	25	—
—	2	2	Super Loto	15	15	—
1	2	1	Motor Vehicle Accident Claims Fund	7	7	—
7	—	(7)	Other	11	11	—
25	41	16	TOTAL CREDITS	655	665	10
83	109	26	TOTAL RECEIPTS AND CREDITS	945	960	15

**DETAILS OF NON-BUDGETARY OUTFLOWS
1981-82**

TABLE 5

Comparative Budget Performance			1981-82			
3 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1980-81	1981-82					
(Millions of Dollars)			(Millions of Dollars)			
DISBURSEMENTS						
Loans, Advances and Investments						
20	20	—	Investment in Environmental Protection	126	126	—
6	9	3	Ontario Development Corporations	35	35	—
1	3	2	Tile Drainage Debentures	25	25	—
—	—	—	BILD	15	15	—
—	—	—	Ontario Land Corporation	14	14	—
—	2	2	Municipal Improvement Corporation	4	4	—
3	—	(3)	Regional and Municipal Public Works	3	3	—
7	1	(6)	Ontario Housing Corporation	3	3	—
1	1	—	Other	1	3	2
38	36	(2)	TOTAL DISBURSEMENTS	226	228	2
CHARGES						
Payments from Special Purpose Accounts						
22	24	2	Public Service Superannuation Fund	105	105	—
3	5	2	Superannuation Adjustment Fund	26	26	—
3	6	3	The Provincial Lottery	29	29	—
—	—	—	Super Loto	15	15	—
3	3	—	Motor Vehicle Accident Claims Fund	14	14	—
1	1	—	Other	5	5	—
32	39	7	TOTAL CHARGES	194	194	—
TOTAL DISBURSEMENTS AND CHARGES						
70	75	5		420	422	2



Ontario finances

This report covers developments during the first half of the fiscal year and provides a further update on the 1981 Ontario Budget outlook. The current outlook calls for expenditures of \$20,075 million and revenues of \$18,609 million with the resulting net cash requirement figure of \$1,466 million, \$469 million above the Budget plan.

	1980-81	1981-82			Change
	Actual	Budget	Revised	In-Year	Over
	Results	Plan	Outlook	Change	1980-81
		(Millions of Dollars)			%
Revenues	16,470	18,403	18,609	+ 206	13.0
Expenditures	17,273	19,400	20,075	+ 675	16.2
Net Cash Requirements	803	997	1,466	+ 469	

The most significant change was brought about by Ontario's purchase of a 25 percent interest in Suncor, a subsidiary of the U.S.-owned Sun Oil Company. This investment has the immediate effect of increasing expenditures by \$325 million, one half of the purchase price of \$650 million. The remaining portion of the agreement will be financed via the Ontario Energy Corporation which will hold all the shares, and will not directly affect the Province's financial position. This initiative by the Province is in line with the policies that have recently been promoted for Canadianization of the oil and gas industry and is consistent with the objectives of the federal energy program. It is expected that Ontario's position in any future energy negotiations will be strengthened considerably and a more active participation can be expected to follow.

Expenditures (excluding Suncor) have increased by a further \$257 million since the June 30, Ontario Finances and are now \$350 million higher than the original Budget plan. The increases are centered in areas of high priority services and include \$175 million for health care programs, \$32 million for income support payments, \$20 million for BILD initiatives and local government payments of \$29 million. Inflation has placed considerable pressure on program costs throughout the government. In addition, record high interest rates have caused an increase in the cost of servicing the public debt.

The revenue outlook showed an improvement of \$114 million during the second quarter and, as a result, is now \$206 million ahead of the original Budget projection. These changes are mainly the result of a stronger than anticipated level of economic activity during the second quarter of 1981. The most significant increases are in personal income tax, fuel taxes, and interest on investments. The latter reflects the continuing high level of interest rates. The increase in net cash requirements of \$469 million will be financed from internal non-public sources of borrowing and reserves.

For the six months ending September 30, 1981, revenues collected were \$8,308 million, 14.9 percent above the same period last year. Expenditures, on the other hand, were \$9,470 million, an increase of 15.4 percent over the first six months of 1980-81.

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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS AND RELATED FINANCING 1981-82

TABLE 1

Comparative Budget Performance			1981-82			
6 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82					
(Millions of Dollars)			(Millions of Dollars)			
CONSOLIDATED REVENUE FUND INFLOWS						
6,981	8,042	1,061	Budgetary Revenue (Table 2)	17,458	17,628	170
250	266	16	Receipts and Credits (Table 4)	945	981	36
7,231	8,308	1,077	Total Revenues	18,403	18,609	206
CONSOLIDATED REVENUE FUND OUTFLOWS						
8,046	9,307	1,261	Budgetary Expenditure (Table 3)	18,980	19,335	355
161	163	2	Disbursements and Charges (Table 5)	420	740	320
8,207	9,470	1,263	Total Expenditures	19,400	20,075	675
976	1,162	186	NET CASH REQUIREMENTS	997	1,466	469
FINANCING						
Non-Public Borrowing						
190	472	282	Canada Pension Plan	600	600	—
93	125	32	Teachers' Superannuation Fund	655	662	7
9	(2)	(11)	CMHC Pollution Control Loans	5	5	—
(9)	(5)	4	Retirements	(12)	(12)	—
283	590	307	Net Non-Public Borrowing	1,248	1,255	7
Public Borrowing						
—	—	—	Debenture Issues	—	—	—
(128)	(22)	106	Debenture Retirements	(61)	(61)	—
(128)	(22)	106	Net Public Borrowing	(61)	(61)	—
(821)	(594)	227	Increase (Decrease) in Liquid Reserves	190	(272)	(462)
976	1,162	186	TOTAL FINANCING	997	1,466	469

REVENUES
1981-82

TABLE 2

Comparative Budget Performance			1981-82			
6 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
1,448	1,976	528	Personal Income Tax (Net of Credits)	4,380	4,426	46
10	—	(10)	Revenue Guarantee	—	—	—
			Corporation Taxes			
			Income Tax	1,515	1,515	—
721	759	38	Capital Tax	329	329	—
			Insurance Premiums Tax	118	118	—
4	4	—	Mining Profits Tax	140	120	(20)
1,240	1,351	111	Retail Sales Tax	2,831	2,831	—
319	369	50	Gasoline Tax	752	796	44
64	79	15	Motor Vehicle Fuel Tax	153	162	9
24	28	4	Reciprocal Taxation	57	47	(10)
138	161	23	Tobacco Tax	343	343	—
48	83	35	Land Transfer Tax	110	125	15
28	32	4	Race Tracks Tax	60	60	—
11	5	(6)	Succession Duty	5	5	—
23	—	(23)	Public Utilities Income Tax	34	34	—
1	1	—	Other Taxation	3	3	—
4,079	4,848	769	Total Taxation Revenue	10,830	10,914	84
			OTHER REVENUE			
489	498	9	OHIP Premiums	1,194	1,194	—
271	337	66	Interest on Investments	484	554	70
180	204	24	LCBO Profits	621	601	(20)
66	59	(7)	Vehicle Registration Fees	340	340	—
149	167	18	Other Fees and Licences	186	216	30
36	37	1	Fines and Penalties	77	77	—
43	51	8	Ontario Lottery Profits	122	122	—
29	33	4	Sales and Rentals	64	64	—
32	23	(9)	Royalties	78	78	—
33	39	6	Utility Service Charges	60	60	—
46	80	34	Miscellaneous	105	119	14
1,374	1,528	154	Total Other Revenue	3,331	3,425	94
			FEDERAL GOVERNMENT PAYMENTS			
990	1,063	73	Established Programs Financing	2,147	2,102	(45)
—	—	—	Hospital Insurance	9	9	—
115	128	13	Extended Health Care Services	256	256	—
278	312	34	Canada Assistance Plan	582	606	24
56	59	3	Adult Occupational Training	115	115	—
15	23	8	Community Service Contribution Program	60	59	(1)
34	37	3	Bilingualism Development	35	46	11
3	5	2	Economic Development	17	18	1
10	8	(2)	Vocational Rehabilitation	17	15	(2)
5	10	5	Crop Insurance	15	15	—
5	6	1	Indian Welfare Services	14	14	—
17	15	(2)	Other Federal Payments	30	34	4
1,528	1,666	138	Total Federal Government Payments	3,297	3,289	(8)
6,981	8,042	1,061	TOTAL BUDGETARY REVENUE	17,458	17,628	170
			Non-Budgetary Inflows (Table 4)			
122	136	14	Receipts	290	297	7
128	130	2	Credits	655	684	29
250	266	16		945	981	36
7,231	8,308	1,077	TOTAL REVENUES	18,403	18,609	206

EXPENDITURES
1981-82

TABLE 3

Comparative Budget Performance			1981-82			
6 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
2,256	2,652	396	Health	5,531	5,706	175
1,547	1,836	289	Education	2,973	2,976	3
669	734	65	Colleges and Universities	1,672	1,674	2
667	769	102	Community and Social Services	1,653	1,714	61
115	115	—	Culture and Recreation	203	205	2
1	2	1	Social Secretariat	4	4	—
5,255	6,108	853	Sub-Total	12,036	12,279	243
Resources Development Policy						
591	653	62	Transportation and Communications	1,254	1,287	33
185	199	14	Natural Resources	322	360	38
383	562	179	Municipal Affairs and Housing ¹	288	956	668
74	89	15	Environment	202	212	10
59	95	36	Agriculture and Food	191	248	57
31	38	7	Industry and Tourism	87	91	4
21	25	4	Labour	56	60	4
5	7	2	Energy	44	47	3
1	1	—	Resources Secretariat	3	3	—
1,350	1,669	319	Sub-Total	2,447	3,264	817
Justice Policy						
90	102	12	Solicitor General	225	253	28
81	95	14	Attorney General	184	199	15
67	78	11	Correctional Services	163	174	11
37	45	8	Consumer and Commercial Relations	80	86	6
—	—	—	Justice Secretariat	1	1	—
275	320	45	Sub-Total	653	713	60
General Government						
1	2	1	Intergovernmental Affairs	655	5	(650)
270	226	(44)	Revenue	522	534	12
140	149	9	Government Services	294	301	7
62	64	2	Northern Affairs	156	166	10
8	9	1	Treasury and Economics	23	21	(2)
17	—	(17)	EDF	—	—	—
—	18	18	BILD	135	155	20
13	22	9	Board of Internal Economy	36	40	4
2	2	—	Legislative and Executive Offices	3	4	1
6	8	2	Management Board	12	14	2
519	500	(19)	Sub-Total	1,836	1,240	(596)
647	710	63	Public Debt — Interest	1,823	1,839	16
—	—	—	Contingency Fund	185	—	(185)
8,046	9,307	1,261	TOTAL BUDGETARY EXPENDITURE	18,980	19,335	355
Non-Budgetary Outflows (Table 5)						
95	89	(6)	Disbursements	226	545	319
66	74	8	Charges	194	195	1
161	163	2		420	740	320
8,207	9,470	1,263	TOTAL EXPENDITURES	19,400	20,075	675

¹ Includes transfer of functions from Ministry of Intergovernmental Affairs

DETAILS OF NON-BUDGETARY INFLOWS **1981-82**

TABLE 4

Comparative Budget Performance			1981-82			
6 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayment of Loans, Advances and Investments						
37	39	2	Education Capital Aid Corporation	82	82	—
17	35	18	Investment in Environmental Protection	65	67	2
13	13	—	Universities Capital Aid Corporation	31	31	—
8	8	—	Ontario Development Corporations	22	22	—
7	8	1	Ontario Mortgage Corporation	18	18	—
12	8	(4)	Loans to Public Hospitals	18	18	—
1	1	—	Ontario Land Corporation	18	13	(5)
5	5	—	Tile Drainage Debentures	13	13	—
2	2	—	Municipal Works Assistance	5	5	—
1	2	1	Municipal Improvement Corporation	3	3	—
2	2	—	Ontario Junior Farmers	3	3	—
12	8	(4)	Crop Insurance Commission	1	9	8
—	—	—	Ontario Housing Corporation	1	1	—
5	5	—	Other	10	12	2
122	136	14	TOTAL RECEIPTS	290	297	7
CREDITS						
Payments into Special Purpose Accounts						
58	65	7	Public Service Superannuation Fund	411	412	1
			Superannuation Adjustment Fund			
23	28	5	Teachers' Superannuation Fund	95	100	5
12	14	2	Public Service Superannuation Plan	51	51	—
			Province of Ontario Savings			
19	3	(16)	Deposits (net)	40	60	20
8	8	—	The Provincial Lottery	25	25	—
—	4	4	Super Loto	15	15	—
4	4	—	Motor Vehicle Accident Claims Fund	7	7	—
4	4	—	Other	11	14	3
128	130	2	TOTAL CREDITS	655	684	29
250	266	16	TOTAL RECEIPTS AND CREDITS	945	981	36

DETAILS OF NON-BUDGETARY OUTFLOWS
1981-82

TABLE 5

Comparative Budget Performance			1981-82		
6 Months		Increase	Budget	Revised	Increase
1980-81	1981-82	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
DISBURSEMENTS					
Loans, Advances and Investments					
—	—	—	—	325	325
55	49	(6)	126	117	(9)
13	17	4	35	35	—
7	8	1	25	29	4
—	2	2	15	15	—
5	5	—	14	14	—
—	2	2	4	4	—
3	—	(3)	3	—	(3)
1	1	—	3	3	—
11	5	(6)	1	3	2
95	89	(6)	226	545	319
TOTAL DISBURSEMENTS					
CHARGES					
Payments from Special Purpose Accounts					
43	49	6	105	105	—
6	10	4	26	26	—
5	6	1	29	29	—
1	—	(1)	15	15	—
7	6	(1)	14	14	—
4	3	(1)	5	6	1
66	74	8	194	195	1
TOTAL CHARGES					
TOTAL DISBURSEMENTS AND CHARGES					
161	163	2	420	740	320



DECEMBER 31, 1981

Ontario finances

This report covers developments during the first nine months of the fiscal year and provides a further update on the 1981 Ontario Budget outlook. The current outlook calls for expenditures of \$20,311 million and revenues of \$18,847 million. Net cash requirements for the current year are projected at \$1,464 million, a decrease of \$2 million from the September report.

1981-82				
	Budget Plan	September 30 Outlook	Current Outlook	In-Year Change
(Millions of Dollars)				
Revenues	18,403	18,609	18,847	+ 444
Expenditures	19,400	20,075	20,311	+ 911
Net Cash Requirements	997	1,466	1,464	+ 467

The revenue outlook reflects an improvement of \$238 million during the third quarter and, as a result, is now \$444 million ahead of the original Budget projection. The strengthening of the Province's revenue position is attributable mainly to a payment of monies owed by the federal government in respect of 1980 personal income taxes. Including revisions to the 1981 personal income tax forecast, the net change from the original Budget estimate is \$437 million. In addition, the third quarter projection of interest earning has been adjusted by a further \$30 million, resulting from the prevailing high interest rates.

Expenditures have increased by a further \$236 million since the September 30, Ontario Finances. Additional funding has been provided for hospital services, social assistance, senior citizens, cultural capital grants, school board grants and additional aid to the farming community, which includes the recently announced Ontario Farm Adjustment Assistance Program. This brings to \$120 million, the government's additional commitment to assist farm producers since July 1.

For the nine months ending December 31, 1981, revenues collected were \$12,856 million, 14.8 per cent above the same period last year. Expenditures on the other hand, were \$14,701 million, an increase of 18.6 percent over the first nine months of 1980-81.

Net cash requirements will be financed entirely from internal non-public sources of borrowing and reserves.

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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS
AND RELATED FINANCING 1981-82

TABLE 1

Comparative Budget Performance			1981-82			
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
CONSOLIDATED REVENUE FUND INFLOWS						
10,746	12,451	1,705	Budgetary Revenue (Table 2)	17,458	17,885	427
456	405	(51)	Receipts and Credits (Table 4)	945	962	17
11,202	12,856	1,654	Total Revenues	18,403	18,847	444
CONSOLIDATED REVENUE FUND OUTFLOWS						
12,147	14,123	1,976	Budgetary Expenditure (Table 3)	18,980	19,570	590
253	578	325	Disbursements and Charges (Table 5)	420	741	321
12,400	14,701	2,301	Total Expenditures	19,400	20,311	911
1,198	1,845	647	NET CASH REQUIREMENTS	997	1,464	467
FINANCING						
Non-Public Borrowing						
382	493	111	Canada Pension Plan	600	600	—
268	307	39	Teachers' Superannuation Fund	655	670	15
16	(1)	(17)	CMHC Pollution Control Loans	5	(1)	(6)
(12)	(7)	5	Retirements	(12)	(13)	(1)
654	792	138	Net Non-Public Borrowing	1,248	1,256	8
Public Borrowing						
—	—	—	Debenture Issues	—	—	—
(128)	(22)	106	Debenture Retirements	(61)	(61)	—
(128)	(22)	106	Net Public Borrowing	(61)	(61)	—
(672)	(1,075)	(403)	Increase (Decrease) in Liquid Reserves	190	(269)	(459)
1,198	1,845	647	TOTAL FINANCING	997	1,464	467

REVENUES

1981-82

TABLE 2

Comparative Budget Performance			1981-82				
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)		
1980-81	1981-82	(Decrease)					
(Millions of Dollars)			(Millions of Dollars)				
2,400	3,176	776	TAXATION Personal Income Tax (Net of Credits) Revenue Guarantee Corporation Taxes Income Tax Capital Tax Insurance Premiums Tax Mining Profits Tax Retail Sales Tax Gasoline Tax Motor Vehicle Fuel Tax Reciprocal Taxation Tobacco Tax Land Transfer Tax Race Tracks Tax Succession Duty Public Utilities Income Tax Other Taxation Total Taxation Revenue	4,380	4,817	437	
9	—	(9)		—	—	—	
1,087	1,187	100		1,515	1,465	(50)	
4	4	—		329	329	—	
1,910	2,127	217		118	118	—	
476	573	97		140	90	(50)	
100	126	26		2,831	2,811	(20)	
37	37	—		752	796	44	
214	249	35		153	162	9	
65	108	43		57	47	(10)	
43	48	5		343	343	—	
18	5	(13)		110	125	15	
23	—	(23)		60	60	—	
1	1	—		5	5	—	
6,387	7,641	1,254		34	34	—	
			3	3	—		
			10,830	11,205	375		
			OTHER REVENUE OHIP Premiums Interest on Investments LCBO Profits Vehicle Registration Fees Other Fees and Licences Fines and Penalties Ontario Lottery Profits Sales and Rentals Royalties Utility Service Charges Miscellaneous Total Other Revenue	1,194	1,174	(20)	
760	813	53		484	584	100	
382	450	68		621	601	(20)	
379	461	82		340	325	(15)	
90	82	(8)		186	208	22	
140	148	8		77	78	1	
54	58	4		122	122	—	
72	89	17		64	64	—	
43	46	3		78	78	—	
49	39	(10)		60	60	—	
52	61	9		105	126	21	
88	105	17		3,331	3,420	89	
2,109	2,352	243					
				FEDERAL GOVERNMENT PAYMENTS Established Programs Financing Hospital Insurance Extended Health Care Services Canada Assistance Plan Adult Occupational Training Community Service Contribution Program Bilingualism Development Economic Development Vocational Rehabilitation Crop Insurance Indian Welfare Services Other Federal Payments Total Federal Government Payments	2,147	2,044	(103)
1,467	1,567	100			9	9	—
—	—	—	256		256	—	
173	192	19	582		626	44	
412	467	55	115		115	—	
82	90	8	60		57	(3)	
25	36	11	35		46	11	
34	37	3	17		17	—	
4	7	3	17		17	—	
14	12	(2)	15		21	6	
8	14	6	14		14	—	
9	10	1	30		38	8	
22	26	4	3,297		3,260	(37)	
2,250	2,458	208					
10,746	12,451	1,705	TOTAL BUDGETARY REVENUE		17,458	17,885	427
			Non-Budgetary Inflows (Table 4) Receipts Credits TOTAL REVENUES	290	311	21	
207	209	2		655	651	(4)	
249	196	(53)		945	962	17	
456	405	(51)		18,403	18,847	444	
11,202	12,856	1,654					

EXPENDITURES

1981-82

TABLE 3

Comparative Budget Performance			1981-82			
9 Months		Increase				
1980-81	1981-82	(Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
3,474	4,076	602	Health	5,531	5,767	236
2,137	2,478	341	Education	2,973	3,009	36
1,041	1,143	102	Colleges and Universities	1,672	1,679	7
1,044	1,204	160	Community and Social Services	1,653	1,742	89
154	169	15	Culture and Recreation	203	224	21
2	3	1	Social Secretariat	4	4	—
7,852	9,073	1,221	Sub-Total	12,036	12,425	389
Resources Development Policy						
872	925	53	Transportation and Communications	1,254	1,288	34
263	280	17	Natural Resources	322	363	41
565	801	236	Municipal Affairs and Housing ¹	288	961	673
119	138	19	Environment	202	220	18
93	178	85	Agriculture and Food	191	293	102
51	64	13	Industry and Tourism	87	95	8
34	40	6	Labour	56	60	4
10	17	7	Energy	44	46	2
2	2	—	Resources Secretariat	3	3	—
2,009	2,445	436	Sub-Total	2,447	3,329	882
Justice Policy						
142	162	20	Solicitor General	225	257	32
127	145	18	Attorney General	184	201	17
106	122	16	Correctional Services	163	175	12
56	65	9	Consumer and Commercial Relations	80	87	7
1	1	—	Justice Secretariat	1	1	—
432	495	63	Sub-Total	653	721	68
General Government						
2	3	1	Intergovernmental Affairs	655	5	(650)
404	449	45	Revenue	522	537	15
209	224	15	Government Services	294	310	16
109	122	13	Northern Affairs	156	167	11
13	15	2	Treasury and Economics	23	21	(2)
31	—	(31)	EDF	—	—	—
—	51	51	BILD	135	155	20
21	30	9	Board of Internal Economy	36	43	7
2	3	1	Legislative and Executive Offices	3	4	1
9	11	2	Management Board	12	13	1
800	908	108	Sub-Total	1,836	1,255	(581)
1,054	1,202	148	Public Debt — Interest	1,823	1,840	17
—	—	—	Contingency Fund	185	—	(185)
12,147	14,123	1,976	TOTAL BUDGETARY EXPENDITURE	18,980	19,570	590
Non-Budgetary Outflows (Table 5)						
149	463	314	Disbursements	226	544	318
104	115	11	Charges	194	197	3
253	578	325		420	741	321
12,400	14,701	2,301	TOTAL EXPENDITURES	19,400	20,311	911

¹ Includes transfer of functions from Ministry of Intergovernmental Affairs

DETAILS OF NON-BUDGETARY INFLOWS
1981-82

TABLE 4

Comparative Budget Performance			1981-82			
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1980-81	1981-82	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
RECEIPTS						
Repayment of Loans, Advances and Investments						
60	63	3	Education Capital Aid Corporation	82	82	—
38	39	1	Investment in Environmental Protection	65	67	2
20	20	—	Universities Capital Aid Corporation	31	31	—
13	24	11	Ontario Development Corporations	22	36	14
19	25	6	Ontario Mortgage Corporation	18	18	—
9	9	—	Loans to Public Hospitals	18	18	—
1	1	—	Ontario Land Corporation	18	7	(11)
9	10	1	Tile Drainage Debentures	13	13	—
3	3	—	Municipal Works Assistance	5	5	—
2	2	—	Municipal Improvement Corporation	3	3	—
5	5	—	Ontario Junior Farmers	3	3	—
6	(1)	(7)	Crop Insurance Commission	1	8	7
—	—	—	Ontario Housing Corporation	1	6	5
22	9	(13)	Other	10	14	4
207	209	2	TOTAL RECEIPTS	290	311	21
CREDITS						
Payments into Special Purpose Accounts						
98	109	11	Public Service Superannuation Fund	411	413	2
			Superannuation Adjustment Fund			
39	45	6	Teachers' Superannuation Fund	95	99	4
19	21	2	Public Service Superannuation Plan	51	53	2
			Province of Ontario Savings			
58	(16)	(74)	Deposits (net)	40	35	(5)
18	14	(4)	The Provincial Lottery	25	20	(5)
—	7	7	Super Loto	15	10	(5)
6	6	—	Motor Vehicle Accident Claims Fund	7	7	—
11	10	(1)	Other	11	14	3
249	196	(53)	TOTAL CREDITS	655	651	(4)
456	405	(51)	TOTAL RECEIPTS AND CREDITS	945	962	17

DETAILS OF NON-BUDGETARY OUTFLOWS **1981-82**

TABLE 5

Comparative Budget Performance			1981-82		
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)
1980-81	1981-82	(Decrease)			
(Millions of Dollars)			(Millions of Dollars)		
DISBURSEMENTS					
Loans, Advances and Investments					
—	325	325	—	325	325
89	74	(15)	126	115	(11)
20	26	6	35	35	—
15	22	7	25	29	4
—	8	8	15	15	—
9	9	—	14	15	1
1	3	2	4	4	—
4	—	(4)	3	—	(3)
3	2	(1)	3	3	—
5	—	(5)	—	—	—
3	(6)	(9)	1	3	2
149	463	314	226	544	318
TOTAL DISBURSEMENTS					
CHARGES					
Payments from Special Purpose Accounts					
66	75	9	105	103	(2)
11	16	5	26	26	—
12	7	(5)	29	32	3
—	—	—	15	12	(3)
10	9	(1)	14	15	1
5	8	3	5	9	4
104	115	11	194	197	3
TOTAL CHARGES					
TOTAL DISBURSEMENTS AND CHARGES					
253	578	325	420	741	321



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Ontario finances

This report covers developments during the first quarter of the fiscal year and presents an update on the 1982 Ontario Budget outlook. It includes a comparison of the first three months' results in the 1982-83 fiscal year with the same period in 1981-82. The current outlook calls for expenditures of \$22,777 million and revenues of \$20,199 million. Net cash requirements are now estimated at \$2,578 million, \$346 million higher than the original budget estimate. This increase is entirely attributable to a downward revision in the provincial revenue forecast.

	1982-83		
	Budget Plan	Current Outlook	In-Year Change
	(Millions of Dollars)		
Revenue	20,545	20,199	—346
Expenditure	22,777	22,777	Nil
Net Cash Requirements	2,232	2,578	+346

A number of adjustments have been made to the revenue forecast, resulting in a net reduction of \$346 million. Payments from the federal government are now forecast at \$3,092 million. The major change, a reduction of \$167 million in established programs financing, primarily results from adjustments to prior years' entitlements. Reflecting the continued sluggishness in the economy, especially consumer demand, the retail sales tax estimate has been reduced by \$137 million. Estimated annual revenue from fuel taxes has also been reduced by \$85 million reflecting lower consumption and dealer markups. On the other hand, personal income tax is now estimated at \$5,662 million, \$78 million above the budget figure. This revision reflects an increase in the 1981 tax base incorporated in the forecast, and the 1982-83 impact of the June federal budget.

The expenditure forecast of \$22,777 million for 1982-83 remains unchanged. Within this total, \$80 million in additional funding requirements have been accommodated by offsetting savings in other areas. The major approved expenditure increase is a \$78 million payment in respect of the Massey Ferguson Limited Act - 1981. Ontario met its commitment following the cessation of dividend payments by Massey Ferguson.

For the three months ending June 30, 1982, revenues collected were \$4,503 million, 13.1 per cent above the same period last year. Expenditures were \$5,570 million, an increase of 16.6 per cent over the first three months of 1981-82.

Projected net cash requirements can be financed entirely from internal non-public sources of borrowings and reserves.

The Honourable Frank S. Miller
Treasurer of Ontario

Tom Campbell
Deputy Treasurer

Issued in January, July and October
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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS
AND RELATED FINANCING 1982-83

TABLE 1

Comparative Budget Performance				1982-83		
3 Months		Increase		Budget	Revised	Increase
1981-82	1982-83	(Decrease)		Estimate	Estimate	(Decrease)
(Millions of Dollars)				(Millions of Dollars)		
3,982	4,503	521	Revenue	20,545	20,199	(346)
4,779	5,570	791	Expenditure	22,777	22,777	—
797	1,067	270	NET CASH REQUIREMENTS	2,232	2,578	346

			FINANCING			
			Non-Public Borrowing			
472	548	76	Canada Pension Plan	1,200	1,320	120
125	128	3	Teachers' Superannuation Fund	748	806	58
(4)	(1)	3	Retirements	(84)	(84)	—
593	675	82	Net Non-Public Borrowing	1,864	2,042	178
			Public Borrowing			
—	—	—	Debenture Issues	—	—	—
(19)	—	19	Debenture Retirements	(47)	(47)	—
(19)	—	19	Net Public Borrowing	(47)	(47)	—
223	392	169	Reduction in Liquid Reserves	415	583	168
797	1,067	270	TOTAL FINANCING	2,232	2,578	346

REVENUE
1982-83

TABLE 2

Comparative Budget Performance				1982-83		
3 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1981-82	1982-83					
(Millions of Dollars)			(Millions of Dollars)			
946	1,308	362	TAXATION			
			Personal Income Tax (Net of Credits)	5,584	5,662	78
			Corporation Taxes			
			Income Tax	995	995	—
366	339	(27)	Capital Tax	363	363	—
			Insurance Premiums Tax	133	133	—
2	2	—	Mining Profits Tax	40	20	(20)
634	733	99	Retail Sales Tax	3,677	3,540	(137)
151	196	45	Gasoline Tax	931	871	(60)
33	42	9	Motor Vehicle Fuel Tax	215	190	(25)
15	12	(3)	Reciprocal Taxation	52	46	(6)
67	96	29	Tobacco Tax	428	428	—
41	23	(18)	Land Transfer Tax	125	100	(25)
15	17	2	Race Tracks Tax	65	65	—
3	4	1	Other Taxation	5	9	4
2,273	2,772	499	Total Taxation Revenue	12,613	12,422	(191)
			OTHER REVENUE			
237	273	36	OHIP Premiums	1,402	1,387	(15)
91	105	14	LCBO Profits	530	530	—
147	129	(18)	Interest on Investments	460	480	20
39	37	(2)	Vehicle Registration Fees	293	293	—
43	48	5	LLBO Fees, Licences and Permits	185	185	—
34	48	14	Other Fees and Licences	214	219	5
26	24	(2)	Ontario Lottery Profits	137	137	—
18	18	—	Fines and Penalties	78	78	—
16	12	(4)	Sales and Rentals	73	73	—
16	18	2	Royalties	70	71	1
16	22	6	Utility Service Charges	66	66	—
39	27	(12)	Miscellaneous	107	108	1
722	761	39	Total Other Revenue	3,615	3,627	12
878	867	(11)	Payments from the Federal Government	3,243	3,092	(151)
41	52	11	Payments into Trust Accounts	763	749	(14)
68	51	(17)	Repayments of Loans and Advances	311	309	(2)
3,982	4,503	521	TOTAL REVENUE	20,545	20,199	(346)

EXPENDITURE
1982-83

TABLE 3

Comparative Budget Performance			1982-83			
3 Months		Increase	POLICY FIELDS AND MINISTRIES	Budget Estimate	Revised Estimate	Increase (Decrease)
1981-82	1982-83	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
			Social Development Policy			
1,212	1,452	240	Health	6,579	6,587	8
1,238	1,385	147	Education	3,291	3,293	2
336	433	97	Community and Social Services	1,972	1,970	(2)
306	340	34	Colleges and Universities	1,860	1,857	(3)
49	54	5	Citizenship and Culture	222	219	(3)
1	1	—	Social Secretariat	5	5	—
3,142	3,665	523	Sub-Total	13,929	13,931	2
			Resources Development Policy			
241	316	75	Transportation and Communications	1,414	1,441	27
317	323	6	Municipal Affairs and Housing	1,018	1,002	(16)
—	1	1	Ontario Renter Buy Program	75	75	—
77	93	16	Natural Resources	361	357	(4)
57	50	(7)	Environment	346	342	(4)
43	40	(3)	Agriculture and Food	284	280	(4)
2	4	2	Energy	67	64	(3)
—	28	28	Ontario Energy Corporation	62	62	—
19	15	(4)	Industry and Trade	102	177	75
21	26	5	Tourism and Recreation	89	84	(5)
11	13	2	Labour	66	69	3
—	1	1	Resources Secretariat	4	4	—
788	910	122	Sub-Total	3,888	3,957	69
			Justice Policy			
38	59	21	Solicitor General	285	284	(1)
40	49	9	Attorney General	219	219	—
32	43	11	Correctional Services	185	184	(1)
22	30	8	Consumer and Commercial Relations	104	103	(1)
—	—	—	Justice Secretariat	1	1	—
132	181	49	Sub-Total	794	791	(3)
			General Government			
163	209	46	Revenue	605	606	1
72	74	2	Government Services	366	364	(2)
12	18	6	Northern Affairs	179	178	(1)
35	37	2	Treasury and Economics	193	192	(1)
15	3	(12)	EDF/BILD	170	170	—
—	—	—	Short-Term Job Creation	171	171	—
12	8	(4)	Board of Internal Economy	37	37	—
4	5	1	Management Board	16	16	—
1	1	—	Intergovernmental Affairs	7	7	—
1	1	—	Legislative and Executive Offices	4	4	—
315	356	41	Sub-Total	1,748	1,745	(3)
			Public Debt Interest			
402	458	56		2,172	2,172	—
—	—	—	Contingency Fund	246	181	(65)
4,779	5,570	791	TOTAL EXPENDITURE	22,777	22,777	—

REPAYMENTS OF LOANS AND ADVANCES 1982-83

TABLE 4

Comparative Budget Performance			1982-83		
3 Months		Increase	Budget	Revised	Increase
1981-82	1982-83	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
13	14	1	87	87	—
19	9	(10)	70	70	—
5	6	1	32	32	—
4	3	(1)	22	22	—
15	5	(10)	19	18	(1)
—	—	—	15	15	—
2	2	—	15	15	—
—	—	—	15	15	—
2	6	4	10	10	—
8	7	(1)	26	25	(1)
68	52	(16)	311	309	(2)
TOTAL					

PAYMENTS INTO TRUST ACCOUNTS 1982-83

TABLE 5

Comparative Budget Performance			1982-83		
3 Months		Increase	Budget	Revised	Increase
1981-82	1982-83	(Decrease)	Estimate	Estimate	(Decrease)
(Millions of Dollars)			(Millions of Dollars)		
18	40	22	494	494	—
18	16	(2)	189	189	—
(3)	(16)	(13)	28	18	(10)
4	3	(1)	20	20	—
2	2	—	10	10	—
2	7	5	22	18	(4)
41	52	11	763	749	(14)
TOTAL					

**PAYMENTS FROM THE FEDERAL GOVERNMENT
1982-83**

TABLE 6

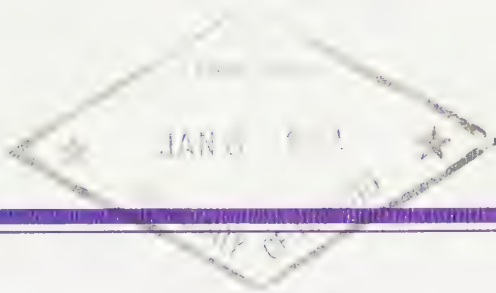
Comparative Budget Performance			1982-83			
3 Months		Increase (Decrease)	Budget Estimate	Revised Estimate	Increase (Decrease)	
1981-82	1982-83					
(Millions of Dollars)			(Millions of Dollars)			
543	502	(41)	Established Programs Financing	1,979	1,812	(167)
—	—	—	Hospital Insurance	—	11	11
64	72	8	Extended Health Care Services	288	288	—
159	190	31	Canada Assistance Plan	681	681	—
33	35	2	Adult Occupational Training	124	124	—
34	36	2	Bilingualism Development	37	38	1
4	7	3	Economic Development	22	24	2
6	5	(1)	Vocational Rehabilitation	22	22	—
—	—	—	Sewerage Construction Program	20	20	—
17	—	(17)	Community Services Contribution Program	2	2	—
5	—	(5)	Crop Insurance	16	16	—
2	3	1	Indian Welfare Services	15	15	—
11	17	6	Other Federal Payments	37	39	2
878	867	(11)	TOTAL	3,243	3,092	(151)



Ministry of Treasury
and Economics

DECEMBER 31, 1982

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Ontario finances

This report covers developments during the first nine months of the fiscal year and provides a further update on the 1982 Ontario Budget outlook. Net cash requirements for the current year are projected at \$2,676 million, an increase of \$118 million from the September report.

	1982-83		
	Budget Plan	Current Outlook	In-Year Change
	(Millions of Dollars)		
Revenue	20,545	20,242	- 303
Expenditure	22,777	22,918	+ 141
Net Cash Requirements	2,232	2,676	+ 444

The overall revenue position shows a slight improvement of \$23 million during the third quarter, but at \$20,242 million it remains \$303 million below the original Budget forecast.

Estimated revenue from taxation sources declined \$83 million this quarter to \$12,325 million. Further deterioration in the outlook for corporate profits is reflected in a \$30 million reduction in corporate income tax revenue. The estimate of gasoline tax revenue is reduced an additional \$20 million in light of the moderation in gasoline prices and lower consumption. A recovery by the federal government of an overpayment under the public utilities income tax agreement is reflected this quarter by a \$15 million loss in revenue. The impact of the October 1982 Federal Economic Statement and continued weakness in employment and personal income performance have reduced the estimate of 1982 personal income tax revenue. However, offsetting this revision is an increase in the expected adjustment payment for prior years. The resulting change is a net reduction of \$18 million in the forecast of personal income tax revenue.

In conjunction with the revision to the personal income tax forecast, and based on updated population input, the estimate of established programs financing payments increased by \$81 million. The growth in projected Provincial expenditures on social welfare programs is reflected by a \$38 million increase in the forecast of payments under the cost-shared Canada Assistance Plan.

Overall expenditures have increased by \$141 million since the September 30th, Ontario Finances. The largest single increase is additional funding of \$70 million this fiscal year for special job-creation programs. This amount reflects the projected cash flow under two programs. The Governments of Canada and Ontario are contributing equally to the \$200 million Canada-Ontario Employment Development program and an additional \$50 million has been allocated by the Province towards temporary job-creation projects. Also, increased funding has been provided for regional economic development programs and small business development grants. The other major increase in spending is an anticipated \$65 million reimbursement to insured farmers for tobacco crop losses in 1982.

For the nine months ending December 31, 1982, revenues collected were \$14,264 million, 11.0 per cent above the same period last year. During the same period expenditures were \$16,607 million for an increase of 13.0 per cent.

Net cash requirements will be financed entirely from internal non-public sources of borrowing and reserves.

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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS
AND RELATED FINANCING 1982-83

TABLE 1

Comparative Budget Performance				1982-83		
9 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1981-82	1982-83					
(Millions of Dollars)				(Millions of Dollars)		
12,856	14,264	1,408	Revenue	20,545	20,242	(303)
14,701	16,607	1,906	Expenditure	22,777	22,918	141
1,845	2,343	498	NET CASH REQUIREMENTS	2,232	2,676	444

FINANCING

Non-Public Borrowing

493	1,123	630	Canada Pension Plan	1,200	1,320	120
307	489	182	Teachers' Superannuation Fund	748	875	127
(8)	(79)	(71)	Retirements	(84)	(84)	—
792	1,533	741	Net Non-Public Borrowing	1,864	2,111	247

Public Borrowing

—	—	—	Debenture Issues	—	—	—
(22)	(42)	(20)	Debenture Retirements	(47)	(46)	1
(22)	(42)	(20)	Net Public Borrowing	(47)	(46)	1
1,075	852	(223)	Reduction in Liquid Reserves	415	611	196
1,845	2,343	498	TOTAL FINANCING	2,232	2,676	444

REVENUE

TABLE 2

Comparative Budget Performance			1982-83			
9 Months		Increase	Budget Estimate	Revised Estimate	Increase (Decrease)	
1981-82	1982-83	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
3,176	4,131	955	TAXATION			
			Personal Income Tax (Net of Credits)	5,584	5,910	326
			Corporation Taxes			
			Income Tax	995	815	(180)
1,187	931	(256)	Capital Tax	363	353	(10)
			Insurance Premiums Tax	133	133	—
4	10	6	Mining Profits Tax	40	20	(20)
2,127	2,542	415	Retail Sales Tax	3,677	3,420	(257)
573	641	68	Gasoline Tax	931	851	(80)
126	140	14	Motor Vehicle Fuel Tax	215	190	(25)
37	39	2	Reciprocal Taxation	52	51	(1)
249	330	81	Tobacco Tax	428	428	—
108	76	(32)	Land Transfer Tax	125	95	(30)
48	52	4	Race Tracks Tax	65	65	—
—	—	—	Public Utilities Income Tax	—	(15)	(15)
6	9	3	Other Taxation	5	9	4
7,641	8,901	1,260	Total Taxation Revenue	12,613	12,325	(288)
			OTHER REVENUE			
813	959	146	OHIP Premiums	1,402	1,357	(45)
346	384	38	LCBO Profits	530	530	—
450	387	(63)	Interest on Investments	460	510	50
82	84	2	Vehicle Registration Fees	293	298	5
130	163	33	LLBO Fees, Licences and Permits	185	208	23
133	143	10	Other Fees and Licences	214	204	(10)
89	86	(3)	Ontario Lottery Profits	137	117	(20)
58	56	(2)	Fines and Penalties	78	76	(2)
46	44	(2)	Sales and Rentals	73	54	(19)
39	45	6	Royalties	70	67	(3)
61	75	14	Utility Service Charges	66	66	—
105	81	(24)	Miscellaneous	107	113	6
2,352	2,507	155	Total Other Revenue	3,615	3,600	(15)
2,458	2,399	(59)	Payments from the Federal Government	3,243	3,252	9
196	284	88	Payments into Trust Accounts	763	761	(2)
209	173	(36)	Repayments of Loans and Advances	311	304	(7)
12,856	14,264	1,408	TOTAL REVENUE	20,545	20,242	(303)

EXPENDITURE

TABLE 3

Comparative Budget Performance			1982-83			
9 Months		Increase	Estimate Budget	Estimate Revised	(Decrease) Increase	
1981-82	1982-83	(Decrease)				
(Millions of Dollars)			(Millions of Dollars)			
POLICY FIELDS AND MINISTRIES						
Social Development Policy						
4,080	4,798	718	Health	6,579	6,686	107
2,478	2,721	243	Education	3,291	3,239	(52)
1,204	1,468	264	Community and Social Services	1,972	2,105	133
1,143	1,276	133	Colleges and Universities	1,860	1,850	(10)
137	158	21	Citizenship and Culture	222	215	(7)
3	3	—	Social Secretariat	5	6	1
9,045	10,424	1,379	Sub-Total	13,929	14,101	172
Resources Development Policy						
926	1,086	160	Transportation and Communications	1,414	1,434	20
803	816	13	Municipal Affairs and Housing	1,018	1,003	(15)
—	27	27	Ontario Renter Buy Program	75	65	(10)
271	297	26	Natural Resources	361	374	13
208	203	(5)	Environment	346	338	(8)
203	178	(25)	Agriculture and Food	284	331	47
17	24	7	Energy	67	58	(9)
325	57	(268)	Ontario Energy Corporation	62	62	—
71	141	70	Industry and Trade	102	168	66
59	69	10	Tourism and Recreation	89	96	7
41	48	7	Labour	66	68	2
2	2	—	Resources Secretariat	4	4	—
2,926	2,948	22	Sub-Total	3,888	4,001	113
Justice Policy						
166	195	29	Solicitor General	285	290	5
146	165	19	Attorney General	219	231	12
122	147	25	Correctional Services	185	209	24
73	88	15	Consumer and Commercial Relations	104	118	14
1	1	—	Justice Secretariat	1	1	—
508	596	88	Sub-Total	794	849	55
General Government						
449	522	73	Revenue	605	621	16
230	292	62	Government Services	366	375	9
121	136	15	Northern Affairs	179	178	(1)
122	130	8	Treasury and Economics	193	195	2
51	66	15	EDF/BILD	170	166	(4)
—	90	90	Short-Term Job Creation	171	241	70
30	28	(2)	Board of Internal Economy	37	42	5
11	12	1	Management Board	16	17	1
3	5	2	Intergovernmental Affairs	7	7	—
3	3	—	Legislative and Executive Offices	4	4	—
1,020	1,284	264	Sub-Total	1,748	1,846	98
1,202	1,355	153	Public Debt Interest	2,172	2,121	(51)
—	—	—	Contingency Fund	246	—	(246)
14,701	16,607	1,906	TOTAL EXPENDITURE	22,777	22,918	141

REPAYMENTS OF LOANS AND ADVANCES

TABLE 4

Comparative Budget Performance				1982-83		
9 Months		Increase (Decrease)		Budget Estimate	Revised Estimate	Increase (Decrease)
1981-82	1982-83					
(Millions of Dollars)				(Millions of Dollars)		
63	66	3	Education Capital Aid Corporation	87	87	—
39	18	(21)	Investment in Environmental Protection	70	71	1
20	21	1	Universities Capital Aid Corporation	32	32	—
24	13	(11)	Ontario Development Corporations	22	24	2
25	9	(16)	Ontario Mortgage Corporation	19	19	—
9	8	(1)	Loans to Public Hospitals	15	15	—
10	13	3	Tile Drainage Debentures	15	15	—
1	—	(1)	Ontario Land Corporation	15	13	(2)
(1)	4	5	Crop Insurance Commission	10	—	(10)
19	21	2	Other	26	28	2
209	173	(36)	TOTAL	311	304	(7)

PAYMENTS INTO TRUST ACCOUNTS

TABLE 5

Comparative Budget Performance				1982-83		
9 Months		Increase		Budget	Revised	Increase
1981-82	1982-83	(Decrease)		Estimate	Estimate	(Decrease)
(Millions of Dollars)				(Millions of Dollars)		
109	185	76	Public Service Superannuation Fund	494	494	—
66	66	—	Superannuation Adjustment Fund	189	189	—
			Province of Ontario Savings Office —			
(16)	(8)	8	Net Deposits	28	18	(10)
21	29	8	Lottery Trust Funds	30	38	8
16	12	(4)	Other	22	22	—
196	284	88	TOTAL	763	761	(2)

PAYMENTS FROM THE FEDERAL GOVERNMENT

TABLE 6

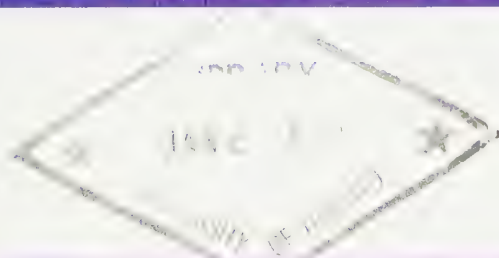
Comparative Budget Performance				1982-83		
9 Months		Increase		Budget	Revised	Increase
1981-82	1982-83	(Decrease)		Estimate	Estimate	(Decrease)
(Millions of Dollars)				(Millions of Dollars)		
1,567	1,384	(183)	Established Programs Financing	1,979	1,893	(86)
—	—	—	Hospital Insurance	—	11	11
192	215	23	Extended Health Care Services	288	288	—
467	567	100	Canada Assistance Plan	681	756	75
90	104	14	Adult Occupational Training	124	124	—
37	36	(1)	Bilingualism Development	37	38	1
7	15	8	Economic Development	22	21	(1)
12	19	7	Vocational Rehabilitation	22	25	3
—	12	12	Sewerage Construction Program	20	20	—
36	1	(35)	Community Services Contribution Program	2	2	—
14	9	(5)	Crop Insurance	16	16	—
10	11	1	Indian Welfare Services	15	17	2
26	26	—	Other Federal Payments	37	41	4
2,458	2,399	(59)	TOTAL	3,243	3,252	9



Ministry of Treasury
and Economics

JUNE 30, 1983

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Ontario finances

This report covers the first quarter's activity and presents an update on the performance of the 1983 Ontario Budget. Net cash requirements are now forecast at \$2,713 million, \$18 million higher than originally anticipated. An increase of \$66 million in the expenditure estimate is largely offset by an improved revenue performance in the first quarter. Also included in the report are the unaudited results for the 1982-83 fiscal year. Cash requirements last year were \$70 million less than the interim results indicated in the 1983 Budget.

	1982-83 Actual Results	1983-84		
		Budget Plan	Current Outlook	In-Year Change
(Millions of Dollars)				
Revenues	20,433	22,015	22,063	+ 48
Expenditures	22,911	24,710	24,776	+ 66
Net Cash Requirements	2,478	2,695	2,713	+ 18

The revenue picture shows a \$48 million improvement in the first quarter, with total revenues estimated at \$22,063 million. On the taxation side, a strengthening in consumer demand and the effects of recent price changes are reflected in a \$9 million increase in fuel taxes. Higher than anticipated refunds in the first quarter reduced the estimate of corporation taxes by \$30 million. Changes to the other revenue sources, including increases in lottery profits and interest on investments, resulted in a net improvement of \$20 million.

The expenditure forecast of \$24,776 million is \$66 million higher than the original Budget forecast and reflects mainly increased funding in the Ministry of Transportation and Communications for municipal roads and rapid transit construction and increased spending by the Ministry of Consumer and Commercial Relations for compensation to Re-Mor investors and also to conduct the Special Examination of trust companies.

Ontario's special job-creation programs included in the 1983 Budget are to be financed mainly from the \$300 million in constraints to be found during the course of the fiscal year. In this first quarter, \$262 million in constraints have so far been identified. These include a reduction in own-account operating budgets amounting to \$90 million, constraints in selected programs of \$142 million and the acceleration of \$30 million in loan repayments from Crown corporations.

To date, the Province has secured \$600 million of its \$1 billion public borrowing target. A new debenture placement produced \$300 million while the treasury bill program has generated another \$300 million.

The Honourable Larry Grossman, Q.C.
Treasurer of Ontario

Tom Campbell
Deputy Treasurer

Issued in January, July and October
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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS AND RELATED FINANCING 1983-84

TABLE 1

(\$ million)

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	20,890	20,901	11
Deposits into Trust Accounts	834	841	7
Repayments of Loans	291	321	30
Total Inflows (Table 2)	<u>22,015</u>	<u>22,063</u>	<u>48</u>
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	24,288	24,383	95
Payments out of Trust Accounts	226	214	(12)
Loans and Investments	196	179	(17)
Total Outflows (Table 3)	<u>24,710</u>	<u>24,776</u>	<u>66</u>
NET CASH REQUIREMENTS	<u>2,695</u>	<u>2,713</u>	<u>18</u>
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,240	1,240	—
Teachers' Superannuation Fund	850	850	—
Retirements	(10)	(10)	—
Net Non-Public Borrowing	<u>2,080</u>	<u>2,080</u>	<u>—</u>
Public Borrowing			
Treasury Bills/Debenture Issues	1,000	1,000	—
Retirements	(267)	(267)	—
Net Public Borrowing	<u>733</u>	<u>733</u>	<u>—</u>
Increase in Liquid Reserves	<u>118</u>	<u>100</u>	<u>(18)</u>
TOTAL FINANCING	<u>2,695</u>	<u>2,713</u>	<u>18</u>

REVENUES

(\$ million)

TABLE 2

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
TAXATION			
Personal Income Tax	6,295	6,295	—
Less Tax Credits	(250)	(250)	—
Personal Income Tax (Net)	6,045	6,045	—
Corporation Taxes			
Income Tax	1,132	1,102	(30)
Capital Tax	373	373	—
Insurance Premiums Tax	153	153	—
Mining Profits Tax	35	35	—
Retail Sales Tax	3,881	3,881	—
Gasoline Tax	880	887	7
Motor Vehicle Fuel Tax	193	195	2
Reciprocal Taxation	69	70	1
Tobacco Tax	533	533	—
Land Transfer Tax	130	130	—
Race Tracks Tax	70	70	—
Other Taxation	7	7	—
	<u>13,501</u>	<u>13,481</u>	<u>(20)</u>
OTHER REVENUE			
OHIP Premiums	1,474	1,474	—
LCBO Profits	550	550	—
Interest on Investments	395	404	9
Vehicle Registration Fees	270	270	—
LLBO Fees, Licences and Permits	230	230	—
Other Fees and Licences	200	200	—
Ontario Lottery Profits	114	124	10
Fines and Penalties	75	75	—
Royalties	75	76	1
Utility Service Charges	70	70	—
Sales and Rentals	65	63	(2)
Miscellaneous	112	114	2
	<u>3,630</u>	<u>3,650</u>	<u>20</u>
Payments from the Federal Government (Table 4)	3,759	3,770	11
Deposits into Trust Accounts (Table 5)	834	841	7
Repayments of Loans (Table 7)	291	321	30
TOTAL INFLOWS	<u>22,015</u>	<u>22,063</u>	<u>48</u>

EXPENDITURES

(\$ million)

TABLE 3

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	7,516	7,516	—
Education	3,436	3,418	(18)
Community and Social Services	2,261	2,250	(11)
Colleges and Universities	2,045	2,038	(7)
Citizenship and Culture	194	194	—
Social Secretariat	12	15	3
	<u>15,464</u>	<u>15,431</u>	<u>(33)</u>
Resources Development Policy			
Transportation and Communications	1,476	1,481	5
Municipal Affairs and Housing	1,071	1,068	(3)
Natural Resources	394	380	(14)
Environment	314	303	(11)
Agriculture and Food	295	279	(16)
Energy	137	122	(15)
Tourism and Recreation	121	109	(12)
Industry and Trade	105	103	(2)
Labour	71	73	2
Resources Secretariat	3	3	—
	<u>3,987</u>	<u>3,921</u>	<u>(66)</u>
Justice Policy			
Solicitor General	294	289	(5)
Attorney General	239	233	(6)
Correctional Services	219	224	5
Consumer and Commercial Relations	120	133	13
Justice Secretariat	1	1	—
	<u>873</u>	<u>880</u>	<u>7</u>
General Government			
Revenue	630	626	(4)
Government Services	373	364	(9)
Treasury and Economics	225	212	(13)
BILD	175	165	(10)
Short-Term Job Creation	242	242	—
Northern Affairs	158	157	(1)
Board of Internal Economy	41	41	—
Management Board	17	16	(1)
Intergovernmental Affairs	7	7	—
Legislative and Executive Offices	4	4	—
	<u>1,872</u>	<u>1,834</u>	<u>(38)</u>
Public Debt Interest	2,610	2,609	(1)
Contingency Fund	204	169	(35)
Constraints to be reported	(300)	(68)	232
TOTAL OUTFLOWS¹	<u>24,710</u>	<u>24,776</u>	<u>66</u>

¹Includes Payments out of Trust Accounts, Table 6, and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Established Programs Financing	2,293	2,293	—
Extended Health Care Services	316	316	—
Canada Assistance Plan	795	795	—
Skills Training	166	166	—
Bilingualism Development	38	45	7
Crop Insurance	36	36	—
Vocational Rehabilitation	23	23	—
Economic Development	22	22	—
Indian Welfare Services	19	19	—
Community Services Projects	11	11	—
Legal Aid	11	11	—
Other	29	33	4
TOTAL	3,759	3,770	11

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	535	541	6
Superannuation Adjustment Fund	210	211	1
Interprovincial Lottery Trust Fund	42	42	—
Province of Ontario Savings Office — Net Deposits	25	25	—
Other	22	22	—
TOTAL	834	841	7

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	135	124	(11)
Superannuation Adjustment Fund	53	52	(1)
Interprovincial Lottery Trust Fund	17	17	—
Motor Vehicle Accident Claims Fund	17	17	—
Other	4	4	—
TOTAL	226	214	(12)

REPAYMENTS OF LOANS (\$ million)

TABLE 7

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Education Capital Aid Corporation	92	92	—
Investment in Environmental Protection	47	47	—
Universities Capital Aid Corporation	34	34	—
Ontario Land Corporation	29	29	—
Ontario Development Corporations	22	37	15
Tile Drainage Debentures	17	17	—
Ontario Housing Action Program	15	15	—
Ontario Northland Transportation Commission	—	15	15
Loans to Public Hospitals	14	14	—
Other	21	21	—
TOTAL	<u>291</u>	<u>321</u>	<u>30</u>

LOANS AND INVESTMENTS (\$ million)

TABLE 8

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Investment in Environmental Protection	69	71	2
Ontario Energy Corporation	39	28	(11)
Ontario Development Corporations	30	28	(2)
Tile Drainage Debentures	30	25	(5)
BILD	15	15	—
Ontario Land Corporation	5	5	—
Municipal Improvement Corporation	4	3	(1)
Other	4	4	—
TOTAL	<u>196</u>	<u>179</u>	<u>(17)</u>



Ministry of Treasury
and Economics

SEPTEMBER 30, 1983

Ontario finances

This is the second progress report on the 1983 Ontario Budget. It covers developments during the first half of the fiscal year and provides a forecast on the year-end Budget outlook.

Ontario's 1983 Budget remains on target. Based on the results for the first half of the year, the revised outlook for net cash requirements is \$2,703 million, \$8 million above the original Plan. The June 30, Ontario Finances had identified \$262 million of the \$300 million in-year constraint target. The balance of \$38 million has now been accomplished.

	1983-84		
	Budget Plan	Current Outlook	In-Year Change
	(Millions of Dollars)		
Revenues	22,015	22,305	+ 290
Expenditures	24,710	25,008	+ 298
Net Cash Requirements	2,695	2,703	+ 8

Estimated expenditures are increased a further \$232 million since the June 30, Ontario Finances and are now forecast at \$25,008 million. This is primarily due to additional payments for health care, social assistance, and fire fighting activities. For example, an additional \$98 million is required to accommodate the increased caseload of provincial income support programs. Health care programs require increased funding of \$78 million mainly for payments to doctors and hospital operations. An abnormally dry summer has caused forest fire fighting costs to increase a further \$18 million over the Budget estimate.

The revenue picture shows an improvement of \$242 million in the second quarter, with total revenues now estimated at \$22,305 million, an increase of \$290 million from the Budget plan. Adjustments to taxation revenue estimates this quarter have resulted in a net reduction of \$10 million. The estimate of corporate taxes is decreased by \$74 million, while strengthening retail sales have lead to a \$50 million increase in the retail sales tax estimate. Reflecting the collection of prior year's accounts, the estimate for OHIP premiums has been increased by \$15 million.

The revised estimate for Federal payments is \$3,971 million, \$201 million over last quarter's forecast and \$212 million above the Budget plan of \$3,759 million. Established Programs Financing and Extended Health Care payments are recalculated in respect of 1983-84 and prior years by \$145 million as a result of revised GNP and population figures. This puts the federal EPF contribution to health, designated by Ottawa, at about 41 per cent of total spending. Flow-through of federal funding for Skills Training is increased by \$8 million based on a federal re-estimate of funds available to the Province. These funds are committed to training in advanced technologies in Ontario's community colleges. Payments under the Canada Assistance Plan are increased by \$45 million, reflecting increased social assistance spending.

To date, the Province has secured \$858 million of its \$1 billion public borrowing target.

The Honourable Larry Grossman, Q.C.
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**STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS
AND RELATED FINANCING 1983-84**

(\$ million)

TABLE 1

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	20,890	21,105	215
Deposits into Trust Accounts	834	849	15
Repayments of Loans	291	351	60
Total Inflows (Table 2)	<u>22,015</u>	<u>22,305</u>	<u>290</u>
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	24,288	24,613	325
Payments out of Trust Accounts	226	215	(11)
Loans and Investments	196	180	(16)
Total Outflows (Table 3)	<u>24,710</u>	<u>25,008</u>	<u>298</u>
NET CASH REQUIREMENTS	<u>2,695</u>	<u>2,703</u>	<u>8</u>
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,240	1,240	—
Teachers' Superannuation Fund	850	775	(75)
Retirements	(10)	(10)	—
Net Non-Public Borrowing	<u>2,080</u>	<u>2,005</u>	<u>(75)</u>
Public Borrowing			
Treasury Bills/Debenture Issues	1,000	1,000	—
Retirements	(267)	(267)	—
Net Public Borrowing	<u>733</u>	<u>733</u>	<u>—</u>
Increase in Liquid Reserves	<u>118</u>	<u>35</u>	<u>(83)</u>
TOTAL FINANCING	<u>2,695</u>	<u>2,703</u>	<u>8</u>

REVENUES

(\$ million)

TABLE 2

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
TAXATION			
Personal Income Tax	6,295	6,295	—
Less Tax Credits	(250)	(250)	—
Personal Income Tax (Net)	6,045	6,045	—
Corporation Taxes			
Income Tax	1,132	1,028	(104)
Capital Tax	373	373	—
Insurance Premiums Tax	153	153	—
Mining Profits Tax	35	35	—
Retail Sales Tax	3,881	3,931	50
Gasoline Tax	880	899	19
Motor Vehicle Fuel Tax	193	195	2
Reciprocal Taxation	69	64	(5)
Tobacco Tax	533	541	8
Land Transfer Tax	130	130	—
Race Tracks Tax	70	70	—
Other Taxation	7	7	—
	<u>13,501</u>	<u>13,471</u>	<u>(30)</u>
OTHER REVENUE			
OHIP Premiums	1,474	1,489	15
LCBO Profits	550	550	—
Interest on Investments	395	410	15
Vehicle Registration Fees	270	270	—
LLBO Fees, Licences and Permits	230	230	—
Other Fees and Licences	200	196	(4)
Ontario Lottery Profits	114	114	—
Fines and Penalties	75	75	—
Royalties	75	75	—
Utility Service Charges	70	70	—
Sales and Rentals	65	65	—
Miscellaneous	112	119	7
	<u>3,630</u>	<u>3,663</u>	<u>33</u>
Payments from the Federal Government (Table 4)	3,759	3,971	212
Deposits into Trust Accounts (Table 5)	834	849	15
Repayments of Loans (Table 7)	291	351	60
TOTAL INFLOWS	<u>22,015</u>	<u>22,305</u>	<u>290</u>

EXPENDITURES

(\$ million)

TABLE 3

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	7,516	7,576	60
Education	3,436	3,417	(19)
Community and Social Services	2,261	2,379	118
Colleges and Universities	2,045	2,046	1
Citizenship and Culture	194	199	5
Social Secretariat	12	13	1
	<u>15,464</u>	<u>15,630</u>	<u>166</u>
Resources Development Policy			
Transportation and Communications	1,476	1,521	45
Municipal Affairs and Housing	1,071	1,060	(11)
Natural Resources	394	409	15
Environment	314	307	(7)
Agriculture and Food	295	274	(21)
Energy	137	122	(15)
Tourism and Recreation	121	114	(7)
Industry and Trade	105	106	1
Labour	71	75	4
Resources Secretariat	3	3	—
	<u>3,987</u>	<u>3,991</u>	<u>4</u>
Justice Policy			
Solicitor General	294	300	6
Attorney General	239	250	11
Correctional Services	219	225	6
Consumer and Commercial Relations	120	143	23
Justice Secretariat	1	1	—
	<u>873</u>	<u>919</u>	<u>46</u>
General Government			
Revenue	630	635	5
Government Services	373	371	(2)
Treasury and Economics	225	212	(13)
BILD	175	179	4
Short-Term Job Creation	242	242	—
Northern Affairs	158	158	—
Board of Internal Economy	41	41	—
Management Board	17	17	—
Intergovernmental Affairs	7	7	—
Legislative and Executive Offices	4	4	—
	<u>1,872</u>	<u>1,866</u>	<u>(6)</u>
Public Debt Interest	2,610	2,568	(42)
Contingency Fund	204	34	(170)
Constraints to be reported	(300)	—	300
TOTAL OUTFLOWS¹	<u>24,710</u>	<u>25,008</u>	<u>298</u>

¹Includes Payments out of Trust Accounts, Table 6, and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Established Programs Financing	2,293	2,428	135
Extended Health Care Services	316	326	10
Canada Assistance Plan	795	840	45
Skills Training	166	174	8
Bilingualism Development	38	45	7
Crop Insurance	36	36	—
Vocational Rehabilitation	23	25	2
Economic Development	22	21	(1)
Indian Welfare Services	19	19	—
Community Services Projects	11	11	—
Legal Aid	11	11	—
Other	29	35	6
TOTAL	3,759	3,971	212

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	535	541	6
Superannuation Adjustment Fund	210	211	1
Interprovincial Lottery Trust Fund	42	50	8
Province of Ontario Savings Office — Net Deposits	25	25	—
Other	22	22	—
TOTAL	834	849	15

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	135	124	(11)
Superannuation Adjustment Fund	53	51	(2)
Interprovincial Lottery Trust Fund	17	16	(1)
Motor Vehicle Accident Claims Fund	17	19	2
Other	4	5	1
TOTAL	226	215	(11)

REPAYMENTS OF LOANS
(\$ million)

TABLE 7

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Education Capital Aid Corporation	92	92	—
Investment in Environmental Protection	47	47	—
Universities Capital Aid Corporation	34	34	—
Ontario Land Corporation	29	54	25
Ontario Development Corporations	22	42	20
Tile Drainage Debentures	17	17	—
Ontario Housing Action Program	15	15	—
Ontario Northland Transportation Commission	—	15	15
Loans to Public Hospitals	14	14	—
Other	21	21	—
TOTAL	<u>291</u>	<u>351</u>	<u>60</u>

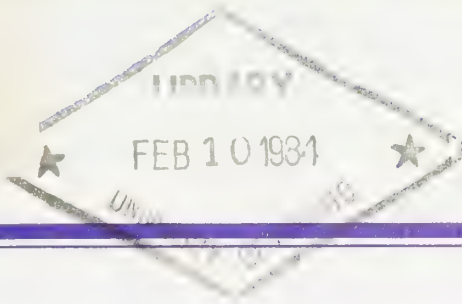
LOANS AND INVESTMENTS
(\$ million)

TABLE 8

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Investment in Environmental Protection	69	71	2
Ontario Energy Corporation	39	28	(11)
Ontario Development Corporations	30	28	(2)
Tile Drainage Debentures	30	26	(4)
BILD	15	15	—
Ontario Land Corporation	5	5	—
Municipal Improvement Corporation	4	3	(1)
Other	4	4	—
TOTAL	<u>196</u>	<u>180</u>	<u>(16)</u>



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Ontario finances

This is the third quarter report on the performance of the 1983 Ontario Budget. It covers developments during the first nine months of this fiscal year and provides a revised outlook for the remainder of 1983-84.

	1983-84		
	Budget Plan	Current Outlook	In-Year Change
(Millions of Dollars)			
Revenues	22,015	22,389	+ 374
Expenditures	24,710	25,095	+ 385
Net Cash Requirements	2,695	2,706	+ 11

The 1983 Budget plan remains on target. On the basis of results to December 31, 1983, the revised outlook for net cash requirements is \$2,706 million, \$11 million above the original Budget forecast.

Net expenditure increases since the September 30, Ontario Finances amount to \$87 million, bringing the estimated 1983-84 expenditures to \$25,095 million. These increases are related in particular to additional payments for health care, legal aid support and social assistance. For example, an additional \$24 million is required for hospital operations and drug benefit plan payments. In order to reduce the backlog of cases, funding for legal aid is increased by \$16 million. An increase of \$15 million for the Family Benefits and General Welfare Assistance reflects the recently announced 5 per cent rate increase.

Total revenues are revised upwards by \$84 million in the third quarter, to \$22,389 million. On the taxation side, higher consumption has resulted in a \$53 million increase in gasoline and motor vehicle fuel tax revenue. Personal income tax is reduced by \$86 million to reflect the latest federal re-estimate for the 1983 tax year and prior year adjustments. The corporate income tax estimate is reduced by \$46 million due to continuing refunds attributable to loss carry-over provisions. As well, monthly installment payments are not yet fully reflecting the corporate profit recovery.

The revised estimate for federal payments is \$4,018 million, \$47 million above last quarter. The estimate of payments under Established Programs Financing (EPF) is \$23 million higher as a result of reductions in the personal and corporate income tax inputs to the EPF formula. Federal transfers for the Canada Assistance Plan and the Vocational Rehabilitation Agreement are increased by \$16 million and \$9 million respectively, reflecting increased Provincial spending that is shareable under these Agreements. The forecast of interest on investments is increased an additional \$33 million, to reflect a re-estimate of short-term investment earnings. Also included in this quarter's forecast is the \$25 million fine that was recently levied against the Amway Corporation and an \$18 million addition to expected payments into the Interprovincial Lottery Trust Fund, reflecting a surge in lottery ticket sales.

To date, the Province has secured \$950 million of its \$1 billion public borrowing target.

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Treasurer of Ontario

Tom Campbell
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STATEMENT OF PROVINCIAL NET CASH REQUIREMENTS AND RELATED FINANCING 1983-84

(\$ million)

TABLE 1

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	20,890	21,164	274
Deposits into Trust Accounts	834	865	31
Repayments of Loans	291	360	69
Total Inflows (Table 2)	<u>22,015</u>	<u>22,389</u>	<u>374</u>
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	24,288	24,703	415
Payments out of Trust Accounts	226	212	(14)
Loans and Investments	196	180	(16)
Total Outflows (Table 3)	<u>24,710</u>	<u>25,095</u>	<u>385</u>
NET CASH REQUIREMENTS	<u>2,695</u>	<u>2,706</u>	<u>11</u>
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,240	1,240	—
Teachers' Superannuation Fund	850	775	(75)
Retirements	(10)	(10)	—
Net Non-Public Borrowing	<u>2,080</u>	<u>2,005</u>	<u>(75)</u>
Public Borrowing			
Treasury Bills/Debenture Issues	1,000	1,000	—
Retirements	(267)	(267)	—
Net Public Borrowing	<u>733</u>	<u>733</u>	<u>—</u>
Increase in Liquid Reserves	<u>118</u>	<u>32</u>	<u>(86)</u>
TOTAL FINANCING	<u>2,695</u>	<u>2,706</u>	<u>11</u>

REVENUES
(\$ million)

TABLE 2

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
TAXATION			
Personal Income Tax ¹	6,045	5,959	(86)
Corporation Taxes	1,658	1,508	(150)
Mining Profits Tax	35	35	—
Retail Sales Tax	3,881	3,931	50
Gasoline Tax	880	946	66
Motor Vehicle Fuel Tax	193	201	8
Reciprocal Taxation	69	64	(5)
Tobacco Tax	533	550	17
Land Transfer Tax	130	130	—
Race Tracks Tax	70	70	—
Other Taxation	7	7	—
	<u>13,501</u>	<u>13,401</u>	<u>(100)</u>
OTHER REVENUE			
OHIP Premiums	1,474	1,489	15
LCBO Profits	550	550	—
Interest on Investments	395	443	48
Vehicle Registration Fees	270	284	14
LLBO Fees, Licences and Permits	230	232	2
Other Fees and Licences	200	200	—
Ontario Lottery Profits	114	114	—
Fines and Penalties	75	100	25
Royalties	75	75	—
Utility Service Charges	70	80	10
Sales and Rentals	65	57	(8)
Miscellaneous	112	121	9
	<u>3,630</u>	<u>3,745</u>	<u>115</u>
Payments from the Federal Government (Table 4)	3,759	4,018	259
Deposits into Trust Accounts (Table 5)	834	865	31
Repayments of Loans (Table 7)	291	360	69
TOTAL INFLOWS	<u>22,015</u>	<u>22,389</u>	<u>374</u>

¹Net of Tax Credits of \$273 million.

EXPENDITURES

(\$ million)

TABLE 3

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	7,516	7,593	77
Education	3,436	3,439	3
Community and Social Services	2,261	2,397	136
Colleges and Universities	2,045	2,046	1
Citizenship and Culture	194	201	7
Social Secretariat	12	11	(1)
	<u>15,464</u>	<u>15,687</u>	<u>223</u>
Resources Development Policy			
Transportation and Communications	1,476	1,523	47
Municipal Affairs and Housing	1,071	1,052	(19)
Natural Resources	394	410	16
Environment	314	307	(7)
Agriculture and Food	295	289	(6)
Energy	137	123	(14)
Tourism and Recreation	121	114	(7)
Industry and Trade	105	107	2
Labour	71	76	5
Resources Secretariat	3	3	—
	<u>3,987</u>	<u>4,004</u>	<u>17</u>
Justice Policy			
Solicitor General	294	296	2
Attorney General	239	266	27
Correctional Services	219	227	8
Consumer and Commercial Relations	120	156	36
Justice Secretariat	1	1	—
	<u>873</u>	<u>946</u>	<u>73</u>
General Government			
Revenue	630	630	—
Government Services	373	371	(2)
Treasury and Economics	225	213	(12)
BILD	175	180	5
Short-Term Job Creation	242	242	—
Northern Affairs	158	158	—
Board of Internal Economy	41	45	4
Management Board	17	17	—
Intergovernmental Affairs	7	7	—
Legislative and Executive Offices	4	4	—
	<u>1,872</u>	<u>1,867</u>	<u>(5)</u>
Public Debt Interest	2,610	2,553	(57)
Contingency Fund	204	38	(166)
Constraints to be reported	(300)	—	300
TOTAL OUTFLOWS¹	<u>24,710</u>	<u>25,095</u>	<u>385</u>

¹ Includes Payments out of Trust Accounts, Table 6, and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Established Programs Financing	2,293	2,451	158
Extended Health Care Services	316	326	10
Canada Assistance Plan	795	856	61
Skills Training	166	174	8
Bilingualism Development	38	45	7
Crop Insurance	36	36	—
Vocational Rehabilitation	23	34	11
Economic Development	22	20	(2)
Indian Welfare Services	19	19	—
Community Services Projects	11	7	(4)
Legal Aid	11	11	—
Other	29	39	10
TOTAL	3,759	4,018	259

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	535	541	6
Superannuation Adjustment Fund	210	212	2
Interprovincial Lottery Trust Fund	42	68	26
Province of Ontario Savings Office — Net Deposits	25	22	(3)
Other	22	22	—
TOTAL	834	865	31

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	135	122	(13)
Superannuation Adjustment Fund	53	50	(3)
Interprovincial Lottery Trust Fund	17	16	(1)
Motor Vehicle Accident Claims Fund	17	19	2
Other	4	5	1
TOTAL	226	212	(14)

REPAYMENTS OF LOANS
(\$ million)

TABLE 7

	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Education Capital Aid Corporation	92	92	—
Investment in Environmental Protection	47	52	5
Universities Capital Aid Corporation	34	34	—
Ontario Land Corporation	29	54	25
Ontario Development Corporations	22	46	24
Tile Drainage Debentures	17	17	—
Ontario Housing Action Program	15	15	—
Ontario Northland Transportation Commission	—	15	15
Loans to Public Hospitals	14	14	—
Other	21	21	—
TOTAL	<u>291</u>	<u>360</u>	<u>69</u>

LOANS AND INVESTMENTS
(\$ million)

TABLE 8

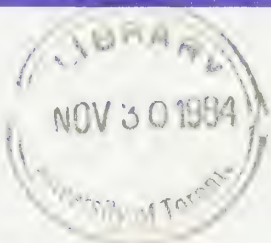
	1983-84		
	Budget Estimate	Revised Estimate	Increase (Decrease)
Investment in Environmental Protection	69	71	2
Ontario Energy Corporation	39	29	(10)
Ontario Development Corporations	30	28	(2)
Tile Drainage Debentures	30	26	(4)
BILD	15	15	—
Ontario Land Corporation	5	5	—
Municipal Improvement Corporation	4	1	(3)
Other	4	5	1
TOTAL	<u>196</u>	<u>180</u>	<u>(16)</u>



Ministry of Treasury
and Economics

JUNE 30, 1984

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Ontario finances

This report covers developments during the first quarter of the fiscal year and presents an update on the 1984 Ontario Budget outlook. Net cash requirements are now forecast at \$2,028 million, \$11 million lower than originally anticipated.

Also included in this report are the unaudited results for the 1983-84 fiscal year. Cash requirements last year were \$61 million less than the interim results indicated in the 1984 Budget.

		1984-85		
	1983-84 Actual Results	Budget Plan	Current Outlook	In-Year Change
(Millions of Dollars)				
Revenue	22,647	24,762	24,773	+ 11
Expenditure	24,936	26,801	26,801	—
Net Cash Requirements	2,289	2,039	2,028	—11

The 1984-85 revenue outlook shows an \$11 million improvement in the first quarter, with total revenues estimated at \$24,773 million. A revision in the forecast of loan repayments from the Ontario Land Corporation increased revenues by \$5 million. Changes to other revenue sources, including increases in lottery profits, interest on investments and various shared-cost programs, resulted in a further net improvement of \$6 million.

The expenditure forecast of \$26,801 million for 1984-85 remains unchanged. In accordance with the Budget strategy, all additional funding requirements have been accommodated by offsetting savings in other areas. In the first quarter, internally financed funding initiatives included additional support for psychiatric hospitals, arts support grants and increased Lottario funding for capital projects. In addition, the \$60 million commitment towards a new American Motors assembly plant will result in a cash outlay of \$11 million in 1984-85. This project will be financed within the existing BILD allocation.

The Budget plan, to finance net cash requirements entirely from internal non-public sources of borrowing and reserves, remains on target.

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**STATEMENT OF PROVINCIAL NET CASH
REQUIREMENTS AND RELATED FINANCING 1984-85**
(\$ million)

TABLE 1

	Budget Estimate	Revised Estimate	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	23,476	23,482	6
Deposits into Trust Accounts	961	961	—
Repayments of Loans	325	330	5
Total Inflows (Table 2)	24,762	24,773	11
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	26,359	26,359	—
Payments out of Trust Accounts	251	252	1
Loans and Investments	191	190	(1)
Total Outflows (Table 3)	26,801	26,801	—
NET CASH REQUIREMENTS	2,039	2,028	(11)
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,220	1,220	—
Teachers' Superannuation Fund	960	960	—
Retirements	(11)	(11)	—
Net Non-Public Borrowing	2,169	2,169	—
Public Borrowing			
Treasury Bills / Debenture Issues	—	—	—
Retirements	(96)	(96)	—
Net Public Borrowing	(96)	(96)	—
Increase in Liquid Reserves	34	45	11
TOTAL FINANCING	2,039	2,028	(11)

REVENUE
(\$ million)

TABLE 2

	Budget Estimate	Revised Estimate	Increase (Decrease)
TAXATION			
Personal Income Tax ¹	6,952	6,952	—
Corporation Taxes	1,942	1,942	—
Mining Profits Tax	45	45	—
Retail Sales Tax	4,239	4,239	—
Gasoline Tax	976	976	—
Motor Vehicle Fuel Tax	228	228	—
Reciprocal Taxation	69	67	(2)
Tobacco Tax	583	583	—
Land Transfer Tax	141	141	—
Race Tracks Tax	63	63	—
Other Taxation	24	24	—
	15,262	15,260	(2)
OTHER REVENUE			
OHIP Premiums	1,597	1,597	—
LCBO Profits	554	554	—
Interest on Investments	440	443	3
Vehicle Registration Fees	329	329	—
LLBO Fees, Licences and Permits	251	251	—
Other Fees and Licences	228	228	—
Royalties	146	146	—
Ontario Lottery Profits	118	120	2
Fines and Penalties	96	96	—
Utility Service Charges	92	92	—
Sales and Rentals	78	78	—
Miscellaneous	97	98	1
	4,026	4,032	6
Payments from the Federal Government (Table 4)	4,188	4,190	2
Deposits into Trust Accounts (Table 5)	961	961	—
Repayments of Loans (Table 7)	325	330	5
TOTAL INFLOWS	24,762	24,773	11

¹ Net of Tax Credits of \$257 million

EXPENDITURE
(\$ million)

TABLE 3

	Budget Estimate	Revised Estimate	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	8,245	8,250	5
Education	3,223	3,223	—
Community and Social Services	2,540	2,541	1
Colleges and Universities	2,103	2,103	—
Citizenship and Culture	172	175	3
Social Secretariat	12	12	—
	16,295	16,304	9
Resources Development Policy			
Transportation and Communications	1,539	1,536	(3)
Municipal Affairs and Housing	1,036	1,036	—
Natural Resources	423	424	1
Agriculture and Food	335	335	—
Environment	312	312	—
Tourism and Recreation	138	139	1
Energy	116	115	(1)
Industry and Trade	106	104	(2)
Labour	74	74	—
Resources Secretariat	4	4	—
	4,083	4,079	(4)
Justice Policy			
Solicitor General	307	307	—
Attorney General	266	269	3
Correctional Services	228	230	2
Consumer and Commercial Relations	129	131	2
Justice Secretariat	2	2	—
	932	939	7
General Government			
Revenue	637	636	(1)
Treasury and Economics	28	26	(2)
BILD:			
Transformation and Training	400	400	—
Short-term Job Creation	102	102	—
Government Services	384	384	—
Northern Affairs	159	159	—
Board of Internal Economy	44	44	—
Management Board	18	18	—
Legislative and Executive Offices	11	11	—
Intergovernmental Affairs	8	9	1
	1,791	1,789	(2)
Public Debt Interest	2,953	2,953	—
Pensions	589	589	—
Contingency Fund	158	148	(10)
TOTAL OUTFLOWS¹	26,801	26,801	—

¹ Includes Payments out of Trust Accounts, Table 6 and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	Budget Estimate	Revised Estimate	Increase (Decrease)
Established Programs Financing	2,545	2,545	—
Extended Health Care Services	355	355	—
Canada Assistance Plan	909	909	—
Young Offenders	18	18	—
National Training Act	156	156	—
Bilingualism Development	45	45	—
Vocational Rehabilitation	31	31	—
Economic Development	28	28	—
Crop Insurance	23	23	—
Legal Aid	21	21	—
Indian Welfare Services	20	20	—
Other	37	39	2
TOTAL	4,188	4,190	2

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	590	590	—
Superannuation Adjustment Fund	230	230	—
Interprovincial Lottery Trust Fund	95	95	—
Province of Ontario Savings Office — Net Deposits	25	25	—
Other	21	21	—
TOTAL	961	961	—

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	150	150	—
Superannuation Adjustment Fund	67	67	—
Interprovincial Lottery Trust Fund	22	22	—
Motor Vehicle Accident Claims Fund	8	8	—
Other	4	5	1
TOTAL	251	252	1

REPAYMENTS OF LOANS
(\$ million)

TABLE 7

	Budget Estimate	Revised Estimate	Increase (Decrease)
Education Capital Aid Corporation	98	98	—
Environmental Projects	55	55	—
Ontario Land Corporation	52	57	5
Universities Capital Aid Corporation	36	36	—
Ontario Development Corporations	23	23	—
Tile Drainage Debentures	21	21	—
Public Hospitals	9	9	—
Ontario Northland Transportation Commission	4	4	—
Other	27	27	—
TOTAL	325	330	5

LOANS AND INVESTMENTS
(\$ million)

TABLE 8

	Budget Estimate	Revised Estimate	Increase (Decrease)
Environmental Projects	60	60	—
BILD	35	35	—
Ontario Energy Corporation	28	28	—
Ontario Development Corporations	28	28	—
Tile Drainage Debentures	25	25	—
Ontario Land Corporation	8	8	—
Municipal Improvement Corporation	2	1	(1)
Other	5	5	—
TOTAL	191	190	(1)



Ontario finances

This is the second progress report on the 1984 Ontario Budget. It covers developments during the first half of this fiscal year and provides a revised outlook for the remainder of 1984-85.

Net cash requirements are now estimated at \$1,816 million, \$223 million lower than the original plan. This improvement is attributable to an overall increase in the provincial revenue outlook since the budget.

	1984-85		
	Budget Plan	Current Outlook	In-Year Change
(Millions of Dollars)			
Revenue	24,762	24,985	+ 223
Expenditure	26,801	26,801	nil
Net Cash Requirements	2,039	1,816	-223

A number of changes occurred in the revenue outlook, resulting in a \$212 million improvement during the second quarter. Strengthened consumer spending resulted in a \$70 million increase in the retail sales tax revenue forecast. Increases in the forecasts of tobacco tax revenues, LCBO profits and federal payments have resulted in a further improvement of \$94 million this quarter. In addition, non-budgetary revenues have been revised up by \$34 million.

The original Budget expenditure estimate of \$26,801 million remains on target despite expenditure increases in high priority areas. In accordance with Budget strategy, all expenditure increases have been accommodated by securing offsetting reductions. The largest increases in expenditures this quarter occurred in social programs. Reflecting the recently announced rate increase to take effect January 1, 1985, the Family Benefits Allowance (FBA) and General Welfare Assistance (GWA) Program expenditures have been increased by \$15 million. A further \$8 million has been provided for the Hospital Capital Program. The expenditures for the Ontario Drug Benefit Plan increased by \$9 million. A loan of \$12 million to the Metro Toronto Convention Centre for capital equipment and a grant of \$7 million to the Ontario Waste Management Corporation for operations, are also incorporated in this report.

The Budget Plan, to finance net cash requirements entirely from non-public sources of borrowing, remains on target.

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**STATEMENT OF PROVINCIAL NET CASH
REQUIREMENTS AND RELATED FINANCING 1984-85**
(\$ million)

TABLE 1

	Budget Estimate	Revised Estimate	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	23,476	23,660	184
Deposits into Trust Accounts	961	971	10
Repayments of Loans	325	354	29
Total Inflows (Table 2)	24,762	24,985	223
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	26,359	26,352	(7)
Payments out of Trust Accounts	251	252	1
Loans and Investments	191	197	6
Total Outflows (Table 3)	26,801	26,801	-
NET CASH REQUIREMENTS	2,039	1,816	(223)
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,220	1,220	-
Teachers' Superannuation Fund	960	1,030	70
Retirements	(11)	(11)	-
Net Non-Public Borrowing	2,169	2,239	70
Public Borrowing			
Treasury Bills / Debenture Issues	-	-	-
Retirements	(96)	(96)	-
Net Public Borrowing	(96)	(96)	-
Increase in Liquid Reserves	34	327	293
TOTAL FINANCING	2,039	1,816	(223)

REVENUE
(\$ million)

TABLE 2

	Budget Estimate	Revised Estimate	Increase (Decrease)
TAXATION			
Personal Income Tax ¹	6,952	6,952	—
Corporation Taxes	1,942	1,942	—
Mining Profits Tax	45	45	—
Retail Sales Tax	4,239	4,309	70
Gasoline Tax	976	976	—
Motor Vehicle Fuel Tax	228	228	—
Reciprocal Taxation	69	67	(2)
Tobacco Tax	583	603	20
Land Transfer Tax	141	141	—
Race Tracks Tax	63	63	—
Other Taxation	24	24	—
	15,262	15,350	88
OTHER REVENUE			
OHIP Premiums	1,597	1,597	—
LCBO Profits	554	600	46
Interest on Investments	440	453	13
Vehicle Registration Fees	329	329	—
LLBO Fees, Licences and Permits	251	251	—
Other Fees and Licences	228	228	—
Royalties	146	146	—
Ontario Lottery Profits	118	122	4
Fines and Penalties	96	96	—
Utility Service Charges	92	92	—
Sales and Rentals	78	78	—
Miscellaneous	97	100	3
	4,026	4,092	66
Payments from the Federal Government (Table 4)	4,188	4,218	30
Deposits into Trust Accounts (Table 5)	961	971	10
Repayments of Loans (Table 7)	325	354	29
TOTAL INFLOWS	24,762	24,985	223

¹ Net of Tax Credits of \$257 million

EXPENDITURE
(\$ million)

TABLE 3

	Budget Estimate	Revised Estimate	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	8,245	8,268	23
Education	3,223	3,224	1
Community and Social Services	2,540	2,562	22
Colleges and Universities	2,103	2,103	–
Citizenship and Culture	172	176	4
Social Secretariat	12	12	–
	16,295	16,345	50
Resources Development Policy			
Transportation and Communications	1,539	1,534	(5)
Municipal Affairs and Housing	1,036	1,035	(1)
Natural Resources	423	428	5
Agriculture and Food	335	328	(7)
Environment	312	314	2
Tourism and Recreation	138	155	17
Energy	116	115	(1)
Industry and Trade	106	106	–
Labour	74	75	1
Resources Secretariat	4	4	–
	4,083	4,094	11
Justice Policy			
Solicitor General	307	321	14
Attorney General	266	274	8
Correctional Services	228	232	4
Consumer and Commercial Relations	129	134	5
Justice Secretariat	2	2	–
	932	963	31
General Government			
Revenue	637	638	1
Treasury and Economics	28	27	(1)
BILD:			
Transformation and Training	400	400	–
Short-term Job Creation	102	102	–
Government Services	384	387	3
Northern Affairs	159	157	(2)
Board of Internal Economy	44	46	2
Management Board	18	18	–
Legislative and Executive Offices	11	11	–
Intergovernmental Affairs	8	10	2
	1,791	1,796	5
Public Debt Interest	2,953	2,940	(13)
Pensions	589	593	4
Contingency Fund	158	70	(88)
TOTAL OUTFLOWS¹	26,801	26,801	–

¹ Includes Payments out of Trust Accounts, Table 6 and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	Budget Estimate	Revised Estimate	Increase (Decrease)
Established Programs Financing	2,545	2,545	—
Extended Health Care Services	355	355	—
Canada Assistance Plan	909	926	17
Young Offenders	18	18	—
National Training Act	156	156	—
Bilingualism Development	45	54	9
Vocational Rehabilitation	31	32	1
Economic Development	28	28	—
Crop Insurance	23	23	—
Legal Aid	21	21	—
Indian Welfare Services	20	20	—
Other	37	40	3
TOTAL	4,188	4,218	30

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	590	588	(2)
Superannuation Adjustment Fund	230	257	27
Interprovincial Lottery Trust Fund	95	95	—
Province of Ontario Savings Office — Net Deposits	25	10	(15)
Other	21	21	—
TOTAL	961	971	10

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	150	148	(2)
Superannuation Adjustment Fund	67	68	1
Interprovincial Lottery Trust Fund	22	22	—
Motor Vehicle Accident Claims Fund	8	8	—
Other	4	6	2
TOTAL	251	252	1

REPAYMENTS OF LOANS
(\$ million)

TABLE 7

	Budget Estimate	Revised Estimate	Increase (Decrease)
Education Capital Aid Corporation	98	98	—
Environmental Projects	55	55	—
Ontario Land Corporation	52	67	15
Universities Capital Aid Corporation	36	36	—
Ontario Development Corporations	23	27	4
Tile Drainage Debentures	21	21	—
Public Hospitals	9	9	—
Ontario Northland Transportation Commission	4	4	—
Other	27	37	10
TOTAL	325	354	29

LOANS AND INVESTMENTS
(\$ million)

TABLE 8

	Budget Estimate	Revised Estimate	Increase (Decrease)
Environmental Projects	60	56	(4)
BILD	35	35	—
Ontario Energy Corporation	28	28	—
Ontario Development Corporations	28	27	(1)
Tile Drainage Debentures	25	25	—
Metro Toronto Convention Centre	—	12	12
Ontario Land Corporation	8	8	—
Municipal Improvement Corporation	2	1	(1)
Other	5	5	—
TOTAL	191	197	6



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Ontario finances

This is the third progress report on the 1984 Ontario Budget. It covers developments during the first nine months of this fiscal year and provides a revised outlook for the remainder of 1984-85.

Net cash requirements are now estimated at \$1,801 million, an improvement of \$15 million over the September 30 report and \$238 million lower than the original Budget Plan.

	1984-85		
	Budget Plan	Current Outlook	In-Year Change
(Millions of Dollars)			
Revenue	24,762	25,025	+ 263
Expenditure	26,801	26,826	+ 25
Net Cash Requirements	2,039	1,801	-238

On the basis of the third quarter results, there has been a net increase of \$40 million in forecast revenues, which are now \$263 million higher than the Budget projection.

Strong consumer spending has resulted in a further \$100 million increase in the estimate of retail sales tax revenues this year, \$170 million above the Budget forecast. Corporate income tax revenues are now forecast to be \$75 million above the Budget estimate.

Increases in the forecast for other revenues such as vehicle registration fees, interest on investments and shared-cost federal payments have resulted in a further improvement of \$69 million in the revenue forecast. Loan repayments increased \$31 million.

At the same time, the forecast for the personal income tax (PIT) has been revised downward following notification from the federal Department of Finance that it overestimated 1983 and 1984 revenues. As a result, projected PIT revenues have been adjusted down by \$395 million. This has been partly offset by payments under the Established Program Financing formula which adjusts for the lower federal PIT estimate and for revised GNP and population data.

The revised forecast for total expenditures is now projected at \$26,826 million, an increase of \$25 million over the original Budget plan. The largest increases in expenditures occurred in social programs. Reflecting the January 1, 1985 rate increase and current caseload estimates, the Family Benefits Allowance and General Welfare Assistance program expenditures have been increased by \$45 million since the original Budget. In addition, senior citizens will receive a further \$10 million under the GAINS Program. Public Debt Interest expense is now forecast at \$2,929 million, or \$24 million below the Budget estimate, reflecting lower net cash requirements and reduced interest rates.

The Budget plan to finance net cash requirements entirely from non-public sources of borrowing remains on target.

The Honourable Larry Grossman, Q.C.
Treasurer of Ontario

Brock A. Smith
Deputy Treasurer

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**STATEMENT OF PROVINCIAL NET CASH
REQUIREMENTS AND RELATED FINANCING 1984-85**
(\$ million)

TABLE 1

	Budget Estimate	Revised Estimate	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	23,476	23,672	196
Deposits into Trust Accounts	961	968	7
Repayments of Loans	325	385	60
Total Inflows (Table 2)	24,762	25,025	263
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	26,359	26,381	22
Payments out of Trust Accounts	251	251	—
Loans and Investments	191	194	3
Total Outflows (Table 3)	26,801	26,826	25
NET CASH REQUIREMENTS	2,039	1,801	(238)
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,220	1,220	—
Teachers' Superannuation Fund	960	1,035	75
Retirements	(11)	(11)	—
Net Non-Public Borrowing	2,169	2,244	75
Public Borrowing			
Treasury Bills / Debenture Issues	—	—	—
Retirements	(96)	(96)	—
Net Public Borrowing	(96)	(96)	—
Increase in Liquid Reserves	34	347	313
TOTAL FINANCING	2,039	1,801	(238)

REVENUE
(\$ million)

TABLE 2

	Budget Estimate	Revised Estimate	Increase (Decrease)
TAXATION			
Personal Income Tax ¹	6,952	6,557	(395)
Corporation Taxes	1,942	2,017	75
Mining Profits Tax	45	45	—
Retail Sales Tax	4,239	4,409	170
Gasoline Tax	976	976	—
Motor Vehicle Fuel Tax	228	228	—
Reciprocal Taxation	69	67	(2)
Tobacco Tax	583	603	20
Land Transfer Tax	141	141	—
Race Tracks Tax	63	63	—
Other Taxation	24	24	—
	15,262	15,130	(132)
OTHER REVENUE			
OHIP Premiums	1,597	1,597	—
LCBO Profits	554	600	46
Interest on Investments	440	500	60
Vehicle Registration Fees	329	339	10
LLBO Fees, Licences and Permits	251	256	5
Other Fees and Licences	228	228	—
Royalties	146	146	—
Ontario Lottery Profits	118	113	(5)
Fines and Penalties	96	91	(5)
Utility Service Charges	92	92	—
Sales and Rentals	78	78	—
Miscellaneous	97	107	10
	4,026	4,147	121
Payments from the Federal Government (Table 4)	4,188	4,395	207
Deposits into Trust Accounts (Table 5)	961	968	7
Repayments of Loans (Table 7)	325	385	60
TOTAL INFLOWS	24,762	25,025	263

¹ Net of Tax Credits of \$285 million

EXPENDITURE
(\$ million)

TABLE 3

	Budget Estimate	Revised Estimate	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	8,245	8,270	25
Education	3,223	3,223	—
Community and Social Services	2,540	2,601	61
Colleges and Universities	2,103	2,104	1
Citizenship and Culture	172	176	4
Social Secretariat	12	12	—
	16,295	16,386	91
Resources Development Policy			
Transportation and Communications	1,539	1,540	1
Municipal Affairs and Housing	1,036	1,035	(1)
Natural Resources	423	430	7
Agriculture and Food	335	328	(7)
Environment	312	312	—
Tourism and Recreation	138	155	17
Energy	116	115	(1)
Industry and Trade	106	106	—
Labour	74	75	1
Resources Secretariat	4	4	—
	4,083	4,100	17
Justice Policy			
Solicitor General	307	314	7
Attorney General	266	276	10
Correctional Services	228	241	13
Consumer and Commercial Relations	129	138	9
Justice Secretariat	2	2	—
	932	971	39
General Government			
Revenue	637	657	20
Treasury and Economics	28	28	—
BILD:			
Transformation and Training	400	400	—
Short-term Job Creation	102	92	(10)
Government Services	384	384	—
Northern Affairs	159	157	(2)
Board of Internal Economy	44	48	4
Management Board	18	18	—
Legislative and Executive Offices	11	11	—
Intergovernmental Affairs	8	10	2
	1,791	1,805	14
Public Debt Interest	2,953	2,929	(24)
Pensions	589	593	4
Contingency Fund	158	42	(116)
TOTAL OUTFLOWS¹	26,801	26,826	25

¹ Includes Payments out of Trust Accounts, Table 6 and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	Budget Estimate	Revised Estimate	Increase (Decrease)
Established Programs Financing	2,545	2,701	156
Extended Health Care Services	355	359	4
Canada Assistance Plan	909	938	29
Young Offenders	18	2	(16)
National Training Act	156	156	—
Bilingualism Development	45	64	19
Vocational Rehabilitation	31	41	10
Economic Development	28	28	—
Crop Insurance	23	23	—
Legal Aid	21	21	—
Indian Welfare Services	20	20	—
Other	37	42	5
TOTAL	4,188	4,395	207

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	590	588	(2)
Superannuation Adjustment Fund	230	255	25
Interprovincial Lottery Trust Fund	95	110	15
Province of Ontario Savings Office — Net Deposits	25	—	(25)
Other	21	15	(6)
TOTAL	961	968	7

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	Budget Estimate	Revised Estimate	Increase (Decrease)
Public Service Superannuation Fund	150	148	(2)
Superannuation Adjustment Fund	67	67	—
Interprovincial Lottery Trust Fund	22	22	—
Motor Vehicle Accident Claims Fund	8	8	—
Other	4	6	2
TOTAL	251	251	—

REPAYMENTS OF LOANS
(\$ million)

TABLE 7

	Budget Estimate	Revised Estimate	Increase (Decrease)
Education Capital Aid Corporation	98	98	–
Environmental Projects	55	55	–
Ontario Land Corporation	52	67	15
Universities Capital Aid Corporation	36	36	–
Ontario Development Corporations	23	30	7
Tile Drainage Debentures	21	21	–
Public Hospitals	9	9	–
Ontario Northland Transportation Commission	4	10	6
Crop Insurance Commission	–	19	19
Other	27	40	13
TOTAL	325	385	60

LOANS AND INVESTMENTS
(\$ million)

TABLE 8

	Budget Estimate	Revised Estimate	Increase (Decrease)
Environmental Projects	60	56	(4)
BILD	35	35	–
Ontario Energy Corporation	28	28	–
Ontario Development Corporations	28	27	(1)
Tile Drainage Debentures	25	25	–
Metro Toronto Convention Centre	–	12	12
Ontario Land Corporation	8	6	(2)
Municipal Improvement Corporation	2	–	(2)
Other	5	5	–
TOTAL	191	194	3



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Ontario finances

This fourth quarter issue of Ontario Finances reflects the 1984-85 year-end financial position and displays the changes from the original Budget plan.

Interim net cash requirements were \$1,702 million, \$337 million below the original Budget and \$587 million below the 1983-84 level.

	1983-84 Actual Results	Budget Plan	1984-85	
			Interim	In-Year Change
(Millions of Dollars)				
Revenue	22,647	24,762	25,189	+ 427
Expenditure	<u>24,936</u>	<u>26,801</u>	<u>26,891</u>	<u>+ 90</u>
Net Cash Requirements	2,289	2,039	1,702	-337

HIGHLIGHTS OF THE 1984 FISCAL YEAR

The improved revenue performance of \$427 million resulted from the continuing strength of Ontario's economic recovery. Overall, expenditures were up by \$90 million over the original Budget estimate, an increase of 0.3 per cent. The majority of the in-year revenue improvements were applied to the reduction of net cash requirements.

MAJOR DEVELOPMENTS DURING THE FOURTH QUARTER

The personal income tax (PIT) revenue was revised downwards by a further \$304 million following a re-estimate of Ontario's 1984 entitlements by the federal government. This reduction was partly offset by a compensating increase of \$71 million under the Established Programs Financing Agreement. Additional Ontario initiatives in job training and other cost-shared programs resulted in a \$40 million increase to other federal transfers.

The strong economy increased corporation income tax revenues by \$231 million. A \$27 million increase in lottery revenues resulted from increased sales of Lotto 6/49.

Net expenditure increases since the third quarter Ontario Finances amount to \$65 million, bringing the 1984-85 expenditures to \$26,891 million. However, in this quarter, expenditure increases amounting to some \$227 million were accommodated primarily through year-end savings and other restraint measures which yielded \$162 million. Major funding increases include \$42 million for health capital, \$35 million for municipal transit capital, \$30 million payment to the Stadium Corporation from lottery proceeds and \$30 million to transfer environmental facilities to municipalities.

The Budget plan to finance net cash requirements entirely from non-public sources of borrowing was achieved.

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Brock A. Smith
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**STATEMENT OF PROVINCIAL NET CASH
REQUIREMENTS AND RELATED FINANCING 1984-85**
(\$ million)

TABLE 1

	Budget Estimate	Interim	Increase (Decrease)
Consolidated Revenue Fund Inflows			
Budgetary Revenue	23,476	23,760	284
Deposits into Trust Accounts	961	994	33
Repayments of Loans	325	435	110
Total Inflows (Table 2)	24,762	25,189	427
Consolidated Revenue Fund Outflows			
Budgetary Expenditure	26,359	26,428	69
Payments out of Trust Accounts	251	294	43
Loans and Investments	191	169	(22)
Total Outflows (Table 3)	26,801	26,891	90
NET CASH REQUIREMENTS	2,039	1,702	(337)
FINANCING			
Non-Public Borrowing			
Canada Pension Plan	1,220	1,133	(87)
Teachers' Superannuation Fund	960	1,065	105
Retirements	(11)	(11)	—
Net Non-Public Borrowing	2,169	2,187	18
Public Borrowing			
Treasury Bills / Debenture Issues	—	—	—
Retirements	(96)	(103)	(7)
Net Public Borrowing	(96)	(103)	(7)
Increase in Liquid Reserves	34	382	348
TOTAL FINANCING	2,039	1,702	(337)

REVENUE
(\$ million)

TABLE 2

	Budget Estimate	Interim	Increase (Decrease)
TAXATION			
Personal Income Tax ¹	6,952	6,253	(699)
Corporation Taxes	1,942	2,248	306
Mining Profits Tax	45	65	20
Retail Sales Tax	4,239	4,426	187
Gasoline Tax	976	961	(15)
Motor Vehicle Fuel Tax	228	225	(3)
Reciprocal Taxation	69	69	–
Tobacco Tax	583	583	–
Land Transfer Tax	141	139	(2)
Race Tracks Tax	63	61	(2)
Public Utility Tax Rebate	13	51	38
Other Taxation	11	12	1
	15,262	15,093	(169)
OTHER REVENUE			
OHIP Premiums	1,597	1,586	(11)
LCBO Profits	554	602	48
Interest on Investments	440	505	65
Vehicle Registration Fees	329	329	–
LLBO Fees, Licences and Permits	251	253	2
Other Fees and Licences	228	223	(5)
Royalties	146	136	(10)
Ontario Lottery Profits	118	122	4
Fines and Penalties	96	85	(11)
Utility Service Charges	92	111	19
Sales and Rentals	78	76	(2)
Miscellaneous	97	131	34
	4,026	4,159	133
Payments from the Federal Government (Table 4)	4,188	4,508	320
Deposits into Trust Accounts (Table 5)	961	994	33
Repayments of Loans (Table 7)	325	435	110
TOTAL INFLOWS	24,762	25,189	427

¹ Net of Tax Credits of \$289 million

EXPENDITURE
(\$ million)

TABLE 3

	Budget Estimate	Interim	Increase (Decrease)
POLICY FIELDS AND MINISTRIES			
Social Development Policy			
Health	8,245	8,342	97
Education	3,223	3,219	(4)
Community and Social Services	2,540	2,605	65
Colleges and Universities	2,103	2,102	(1)
Citizenship and Culture	172	184	12
Social Secretariat	12	11	(1)
	16,295	16,463	168
Resources Development Policy			
Transportation and Communications	1,539	1,587	48
Municipal Affairs and Housing	1,036	1,029	(7)
Natural Resources	423	439	16
Agriculture and Food	335	329	(6)
Environment	312	343	31
Tourism and Recreation	138	186	48
Energy	116	108	(8)
Industry and Trade	106	107	1
Labour	74	76	2
Resources Secretariat	4	3	(1)
	4,083	4,207	124
Justice Policy			
Solicitor General	307	309	2
Attorney General	266	278	12
Correctional Services	228	245	17
Consumer and Commercial Relations	129	132	3
Justice Secretariat	2	1	(1)
	932	965	33
General Government			
Revenue	637	652	15
Treasury and Economics	28	56	28
BILD:	502	402	(100)
Government Services	384	380	(4)
Northern Affairs	159	158	(1)
Board of Internal Economy	44	46	2
Management Board	18	17	(1)
Legislative and Executive Offices	11	10	(1)
Intergovernmental Affairs	8	10	2
	1,791	1,731	(60)
Public Debt Interest	2,953	2,918	(35)
Pensions	589	607	18
Contingency Fund	158	—	(158)
TOTAL OUTFLOWS¹	26,801	26,891	90

¹ Includes Payments out of Trust Accounts, Table 6 and Loans and Investments, Table 8.

PAYMENTS FROM THE FEDERAL GOVERNMENT
(\$ million)

TABLE 4

	Budget Estimate	Interim	Increase (Decrease)
Established Programs Financing	2,545	2,772	227
Extended Health Care Services	355	359	4
Canada Assistance Plan	909	938	29
Young Offenders	18	24	6
National Training Act	156	168	12
Bilingualism Development	45	77	32
Vocational Rehabilitation	31	42	11
Economic Development	28	15	(13)
Crop Insurance	23	25	2
Legal Aid	21	26	5
Indian Welfare Services	20	19	(1)
Other	37	43	6
TOTAL	4,188	4,508	320

DEPOSITS INTO TRUST ACCOUNTS
(\$ million)

TABLE 5

	Budget Estimate	Interim	Increase (Decrease)
Public Service Superannuation Fund	590	565	(25)
Superannuation Adjustment Fund	230	249	19
Provincial Judges Pension Fund	—	24	24
Interprovincial Lottery Trust Fund	95	128	33
Province of Ontario Savings Office — Net Deposits	25	—	(25)
Other	21	28	7
TOTAL	961	994	33

PAYMENTS OUT OF TRUST ACCOUNTS
(\$ million)

TABLE 6

	Budget Estimate	Interim	Increase (Decrease)
Public Service Superannuation Fund	150	163	13
Superannuation Adjustment Fund	67	64	(3)
Interprovincial Lottery Trust Fund	22	21	(1)
Motor Vehicle Accident Claims Fund	8	9	1
Province of Ontario Savings Office	—	31	31
Other	4	6	2
TOTAL	251	294	43

REPAYMENTS OF LOANS
(\$ million)

TABLE 7

	Budget Estimate	Interim	Increase (Decrease)
Education Capital Aid Corporation	98	98	–
Environmental Projects	55	73	18
Ontario Land Corporation	52	75	23
Universities Capital Aid Corporation	36	36	–
Ontario Development Corporations	23	36	13
Tile Drainage Debentures	21	20	(1)
Public Hospitals	9	15	6
Ontario Northland Transportation Commission	4	10	6
Crop Insurance Commission	–	24	24
Other	27	48	21
TOTAL	325	435	110

LOANS AND INVESTMENTS
(\$ million)

TABLE 8

	Budget Estimate	Interim	Increase (Decrease)
Environmental Projects	60	56	(4)
BILD	35	13	(22)
Ontario Energy Corporation	28	28	–
Ontario Development Corporations	28	27	(1)
Tile Drainage Debentures	25	23	(2)
Metro Toronto Convention Centre	–	11	11
Ontario Land Corporation	8	5	(3)
Municipal Improvement Corporation	2	–	(2)
Other	5	6	1
TOTAL	191	169	(22)



Ministry of Treasury
and Economics

Ontario Finances

1985-86 Third Quarter

Quarterly Update
December 31, 1985

NET CASH REQUIREMENTS

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- Net cash requirements (excluding extraordinary adjustments) are now estimated at \$1,675 million, an improvement of \$20 million from the Budget Plan which was tabled in the House on October 24, 1985. Total net cash requirements, including extraordinary adjustments are forecast at \$2,180 million, \$33 million lower than the Budget Plan. The \$13 million savings to date on extraordinary items result primarily from lower than anticipated funding required to discharge the Sun Note obligation.

9 months
actual results
and 3 months
projected

Fiscal Summary (\$million)	1985-86		
	Budget Plan	Current Outlook	In-Year Change
Revenue	27,302	27,490	+ 188
Expenditure	28,997	29,165	+ 168
Net Cash Requirements Before Adjustments	1,695	1,675	-20
Extraordinary Adjustments (net)	518	505	-13
Net Cash Requirements After Adjustments	2,213	2,180	-33



REVENUE

- Estimated revenue for 1985-86, excluding extraordinary adjustments, stands at \$27,490 million, up \$188 million from the Budget.
- The major revenue increase is an upward adjustment of Personal Income Tax revenues of \$368 million which more than offsets revenue decreases in areas such as gasoline tax, LCBO profits, interest on investments, payments from the federal government, and deposits into trust accounts.

EXPENDITURE

- The revised forecast for expenditures is now \$29,165 million, an increase of \$168 million over the original Budget Plan. The largest increases occurred in social programs. Additional funding has been provided for the operating costs of senior citizens programs, payments to physicians, property tax grants to seniors and for a new allowance to family benefits recipients to assist in purchasing children's winter clothing. In addition, \$30 million has been allocated for further support to agricultural programs. Also, emergency loan funding was provided to St. Catharines and Kanata in the aftermath of recent bank failures. Savings of \$21 million are reported for Public Debt Interest costs.

FINANCING

- The Budget Plan, to finance net cash requirements entirely from internal non-public sources of borrowing and reserves, remains on target.

Robert F. Nixon
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Brock A. Smith
Deputy Treasurer

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Revenue

		1985-86		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	6,777	7,145	368
	Retail Sales Tax	5,019	5,019	-
	Reciprocal Taxation	80	80	-
	Corporation Taxes	2,641	2,641	-
	Mining Profits Tax	55	55	-
	Gasoline Tax	1,020	980	-40
	Motor Vehicle Fuel Tax	242	242	-
	Tobacco Tax	561	576	15
	Land Transfer Tax	162	180	18
	Public Utilities Income Tax	75	60	-15
	Race Tracks Tax	64	64	-
	Other Taxation	12	12	-
		16,708	17,054	346
OTHER REVENUE	OHIP Premiums	1,638	1,638	-
	LCBO Profits	682	638	-44
	Interest on Investments	485	455	-30
	Vehicle Registration Fees	349	355	6
	LLBO Fees, Licences and Permits	268	277	9
	Other Fees and Licences	235	235	-
	Royalties	152	152	-
	Ontario Lottery Profits	132	132	-
	Utility Service Charges	111	111	-
	Fines and Penalties	90	90	-
	Sales and Rentals	71	71	-
	Miscellaneous	132	132	-
		4,345	4,286	-59
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,850	2,763	-87
	Extended Health Care Services	384	384	-
	Canada Assistance Plan	1,000	1,010	10
	National Training Act	162	162	-
	Bilingualism Development	56	56	-
	Vocational Rehabilitation	37	37	-
	Other	154	164	10
		4,643	4,576	-67
TOTAL BUDGETARY REVENUE		25,696	25,916	220
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts	1,176	1,147	-29
	Repayments of Loans	430	427	-3
TOTAL REVENUE (before extraordinary adjustments)		27,302	27,490	188
Extraordinary Adjustments		3,181	3,181	-
TOTAL REVENUE		30,483	30,671	188

¹ Net of Tax Credits of \$275 million.

Budget performance

REVENUE

The current outlook for revenue is estimated at \$27,490 million, up \$188 million from the Budget.

- The Personal Income Tax (PIT) forecast has been increased by \$368 million, following notification from the federal Department of Finance that Ontario's 1984 and 1985 PIT entitlements had been understated.
- In other taxation sources, a decrease in the estimate of gasoline tax revenue is due to a lower-than-planned tax rate and a recent drop in sales. The forecast for Public Utilities Income Tax transfer from the federal government has been reduced by \$15 million. These decreases were partially offset by a \$15 million and \$18 million increase in the tobacco and land transfer tax revenues respectively, due to stronger sales.
- In non-taxation revenue sources, the LCBO profits forecast was adjusted downward by \$44 million due to slower-than-anticipated inventory depletion and lower third quarter sales. The estimate for interest on investments was decreased by \$30 million to reflect a lower level of liquid reserves.
- Payments from the federal government are now estimated to be \$67 million lower than the Budget forecast. The Personal Income Tax (PIT) increase has been partly offset by a \$87 million decrease in transfers under the Established Programs Financing.

EXPENDITURE

The revised forecast for expenditures is now \$29,165 million, an increase of \$168 million over the original Budget Plan. Significant variances from the Budget are:

- Agriculture and Food: increase reflects higher take-up of agricultural support programs.
- Community and Social Services: expenditure increase includes salary revisions, winter clothing allowance for children and further funding for operating costs associated with senior citizens facilities.
- Correctional Services: budget increase is the result of salary revisions.
- Health: budget increase is mainly because of salary revisions and payments to physicians.
- Management Board: Contingency Fund reduction reflects transfers to ministries for announced salary awards.
- Revenue: increase is mainly the result of higher costs of providing property tax grants to seniors.
- Transportation and Communications: adjustment is the result of salary increases and a transfer payment to the Urban Transportation Development Corporation.
- Treasury and Economics: decrease results from expected savings in pension outflows.
- Finally, Public Debt Interest expense is now forecast to be \$21 million below the initial estimate.

Expenditure

		1985-86		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	374	404	30
	Attorney General	286	294	8
	Citizenship and Culture	214	216	2
	Colleges and Universities	2,053	2,054	1
	Community and Social Services	2,768	2,849	81
	Consumer and Commercial Relations	122	126	4
	Correctional Services	271	283	12
	Education	3,385	3,388	3
	Energy	82	83	1
	Environment	334	340	6
	Government Services	438	442	4
	Health	8,945	9,018	73
	Housing	251	252	1
	Industry, Trade and Technology	82	83	1
	Intergovernmental Affairs	7	8	1
	Labour	75	78	3
	Legislative and Executive Offices	8	9	1
	Management Board	18	21	3
	Contingency Fund	132	68	-64
	Municipal Affairs	859	856	-3
	Natural Resources	455	463	8
	Northern Development and Mines	163	157	-6
	Office for Women's Issues	10	11	1
	Revenue	688	699	11
	Skills Development	418	418	-
	Solicitor General	336	339	3
	Tourism and Recreation	146	137	-9
	Transportation and Communications	1,553	1,576	23
	Treasury and Economics	713	702	-11
	Public Debt Interest	3,278	3,257	-21
	Board of Internal Economy	82	89	7
	Estimated Year-end Savings	(50)	(50)	-
TOTAL BUDGETARY EXPENDITURE		28,496	28,670	174
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts	344	336	-8
	Loans and Investments	157	159	2
TOTAL EXPENDITURE (before extraordinary adjustments)		28,997	29,165	168
Extraordinary Adjustments		3,699	3,686	-13
TOTAL EXPENDITURE		32,696	32,851	155

Non-budgetary transactions (net)

		1985-86		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TRUST AND SPECIAL PURPOSE ACCOUNTS	Interprovincial Lotteries Trust Fund	77	80	3
	Province of Ontario Savings Office	31	5	-26
	Motor Vehicle Accident Claims Fund	7	3	-4
	Other	22	27	5
		137	115	-22
PENSION AND RELATED ADJUSTMENT FUNDS	Public Service Superannuation Fund	495	488	-7
	Superannuation Adjustment Fund	191	196	5
	Other	9	12	3
		695	696	1
Trust Accounts - Net Deposits		832	811	-21
LOANS AND INVESTMENTS	Education Capital Aid Corporation	104	91	-13
	Ontario Land Corporation	68	63	-5
	Environmental Projects	50	51	1
	Universities Capital Aid Corporation	38	38	-
	Other	13	25	12
Loans and Investments - Net Repayments		273	268	-5
TOTAL NON-BUDGETARY TRANSACTIONS (NET)		1,105	1,079	-26

- In the non-budgetary area, the estimate for the Province of Ontario Savings Office deposits has been reduced to reflect the expected draw-down of funds by The Stadium Corporation of Ontario.
- The other major change is a reduction in loan repayments of \$13 million in the Education Capital Aid Corporation from an earlier-than-expected loan write-down.

Financing

Current net cash requirements of \$1,675 million (before extraordinary adjustments) and \$2,180 million (after extraordinary adjustments) are to be financed entirely from non-public sources of borrowing and a draw down of cash reserves.

		1985-86		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	1,150	1,150	-
	Teachers' Superannuation Fund	1,200	1,200	-
	Retirements	(31)	(31)	-
		2,319	2,319	-
PUBLIC BORROWING	Bond Issues	-	-	-
	Retirements	(323)	(318)	5
		(323)	(318)	5
TOTAL FINANCING (After Adjustments)		217	179	-38
		2,213	2,180	-33

CASH MANAGEMENT

- "Actual" reserves at December 31, 1985 amounted to \$1,827 million composed of \$1,804 million in short-term investments and \$23 million in bonds. Adjustments of \$273 million for transactions in progress produced a "book" liquid reserve position of \$1,554 million.

DEBT MANAGEMENT

ONTARIO BORROWINGS

- The present weekly tender amount of \$50 million will maintain total Treasury Bills outstanding at \$650 million.

ONTARIO HYDRO BORROWINGS

- Ontario Hydro has completed \$1,750 million in medium and long-term financing in 1985.
- On December 10, 1985, Ontario Hydro announced the following new issue: a \$250 million 10% 10-year issue due January 14, 1996, priced at \$100.25 to yield 9.96%. This represents the first issue of Hydro's 1986 borrowing program.
- Of its calendar 1986 borrowing program, estimated at Cdn. \$2.3 billion, Hydro has now completed eleven per cent, all in the domestic market. Hydro's remaining requirement for 1986 is \$2 billion.

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Ontario Finances

Ministry of Treasury
and Economics

1986-87 First Quarter

Quarterly Update
June 30, 1986

NET CASH REQUIREMENTS

- The Budget Plan net cash requirements remain on target with a change from \$1,544 million to \$1,547 million. Revenue and expenditure have increased \$101 million and \$104 million respectively

3 months
actual results
and 9 months
projected

Fiscal Summary (\$million)	1986-87		
	Budget Plan	Current Outlook	In-Year Change
Revenue	29,948	30,049	+ 101
Expenditure	31,492	31,596	+ 104
Net Cash Requirements	1,544	1,547	+ 3

REVENUE

- Estimated revenue for 1986-87 stands at \$30,049 million, up 0.3 per cent or \$101 million from the Budget estimate.
- Major revenue increases include retail sales tax re-estimates and an upward revision of the yield from corporations taxes.
- In addition, lottery profits and interest on investments were both revised upwards.
- Repayments of the Canada Health Act penalties will not require a revision to the Established Programs Financing estimate since they were anticipated in the Budget estimate.

EXPENDITURE

- The estimated expenditure forecast of \$31,596 million is up by 0.3 per cent or \$104 million higher than the original Budget Plan.
- Major expenditure increases include:
 - additional operating grants to Colleges of Applied Arts and Technology
 - funding the costs of municipal infrastructure projects associated with the new Toyota plant.
 - the expenses of fighting forest fires in Northern Ontario.

OPERATING POSITION

- The estimated operating deficit has been reduced to \$307 million from \$317 million originally forecast in the Budget Plan.

FINANCING

- The Budget Plan to finance net cash requirements from internal sources remains unchanged.



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Brock A. Smith
Deputy Treasurer

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Revenue

Table 1

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	7,948	7,948	-
	Retail Sales Tax	5,451	5,501	50
	Reciprocal Taxation	85	85	-
	Corporation Taxes	3,025	3,047	22
	Mining Profits Tax	55	55	-
	Gasoline Tax	1,017	1,017	-
	Motor Vehicle Fuel Tax	265	265	-
	Tobacco Tax	590	590	-
	Land Transfer Tax	270	270	-
	Race Tracks Tax	67	67	-
	Public Utilities Income Tax	45	45	-
	Other Taxation	13	13	-
		18,831	18,903	72
OTHER REVENUE	OHIP Premiums	1,653	1,653	-
	LCBO Profits	695	689	-6
	Vehicle Registration Fees	430	430	-
	LLBO Fees, Licences, Permits	318	318	-
	Other Fees and Licences	283	283	-
	Lottery Profits	346	356	10
	Interest on Investments	273	290	17
	Royalties	170	170	-
	Utility Service Charges	130	130	-
	Sales and Rentals	100	100	-
	Fines and Penalties	95	95	-
	Miscellaneous	170	170	-
		4,663	4,684	21
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,981	2,981	-
	Extended Health Care Services	409	409	-
	Canada Assistance Plan	1,090	1,095	5
	National Training Act	171	171	-
	Bilingualism Development	60	60	-
	Young Offenders	44	44	-
	Vocational Rehabilitation	32	32	-
	Other	173	173	-
		4,960	4,965	5
TOTAL BUDGETARY REVENUE		28,454	28,552	98
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,147	1,149	2
	Repayments of Loans (Table 3)	347	348	1
TOTAL REVENUE		29,948	30,049	101

¹ Net of Tax Credits of \$275 million.

Budget performance

REVENUE

The current outlook for revenue is estimated at \$30,049 million, up \$101 million from the Budget.

- Continued strength in consumer spending has resulted in a \$50 million increase in the retail sales tax revenue estimate.
- Higher than expected first-quarter corporate income tax payments have led to an upward revision of the corporations tax revenue estimate by \$22 million.
- In non-taxation revenue sources the LCBO profits estimate was lowered by \$6 million to reflect a change in wine mark-up policy. The estimate for lottery profits, however, was increased by \$10 million as a result of strong sales to date. In addition, the estimate for revenue from interest on investments has been revised upwards by \$17 million primarily due to higher cash inflows.
- Payments from the federal government are now estimated at \$4,965 million, up \$5 million due to a revision in Canada Assistance Plan payments to reflect anticipated provincial social assistance spending.
- The estimate of non-budgetary revenue has been increased by \$3 million. A \$10 million decrease in estimated Public Service Superannuation Fund deposits, mainly due to a recalculation of interest payable to the fund, was more than offset by a \$12 million increase in estimated Province of Ontario Savings Office deposits. The estimate of repayments of loans was increased by \$1 million.

EXPENDITURE

The revised expenditure forecast of \$31,596 million, varying from the Budget by \$104 million, reflects the following changes:

- Colleges and Universities: a \$60 million increase in operating grants to Colleges of Applied Arts and Technology to implement a negotiated workload settlement with faculty which will increase the number of teaching staff.
- Consumer and Commercial Relations: a \$7 million increase to assist Ontario racetracks with marketing and capital improvement projects, and \$4 million, offset by increased revenues, for service improvement and systems operations.
- Capital Account: funding of the provincial contribution, totalling \$12 million, for infrastructure services to the Toyota assembly plant in Cambridge.
- Natural Resources: a \$12 million increase providing extra staff to fight forest fires in Northern Ontario.
- Transportation and Communications: a \$5 million expenditure increase relating to the Ontario Pavilion at Expo '86.

Expenditure

Table 2

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	410	410	-
	Attorney General	313	315	2
	Office Responsible for Women's Issues	10	10	-
	Office Responsible for Native Affairs	2	2	-
	Citizenship and Culture	190	190	-
	Colleges and Universities	2,069	2,129	60
	Community and Social Services	3,087	3,087	-
	Consumer and Commercial Relations	107	118	11
	Correctional Services	331	331	-
	Education	3,477	3,477	-
	Energy	36	36	-
	Environment	239	239	-
	Financial Institutions	27	27	-
	Government Services	370	370	-
	Office Responsible for Disabled Persons	2	2	-
	Office Responsible for Senior Citizens	4	4	-
	Health	9,853	9,853	-
	Housing	206	206	-
	Industry, Trade and Technology	117	113	-4
	Intergovernmental Affairs	6	6	-
	Labour	92	94	2
	Legislative and Executive Offices	10	10	-
	Management Board	26	26	-
	Capital Account	2,260	2,272	12
	Municipal Affairs	860	860	-
	Natural Resources	449	461	12
	Northern Development and Mines	95	95	-
	Revenue	688	688	-
	Skills Development	456	456	-
	Solicitor General	371	371	-
	Tourism and Recreation	126	126	-
	Transportation and Communications	625	630	5
	Treasury and Economics			
	Own Account	24	24	-
	Technology Fund	100	100	-
	Pensions	436	436	-
	Public Debt Interest	3,575	3,575	-
	Board of Internal Economy	82	82	-
	Estimated Year-end Savings	-100	-100	-
TOTAL BUDGETARY EXPENDITURE		31,031	31,131	100
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	307	307	-
	Loans and Investments (Table 3)	6	10	4
	Capital Account (Table 3)	148	148	-
TOTAL EXPENDITURE		31,492	31,596	104

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

1986-87

		Budget Plan	Current Outlook	In-Year Change
			(\$million)	
DEPOSITS	Public Service Superannuation Fund	725	715	-10
	Superannuation Adjustment Fund	320	320	-
	Provincial Judges Benefits Fund	9	9	-
	OPP Supplementary Benefit Fund	7	7	-
	Other Pensions	7	7	-
	Province of Ontario Savings Office	38	50	12
	Motor Vehicle Accident Claims Fund	11	11	-
	Other	30	30	-
	Deposits into Trust Accounts	1,147	1,149	2
PAYMENTS	Public Service Superannuation Fund	181	181	-
	Superannuation Adjustment Fund	104	104	-
	OPP Supplementary Benefit Fund	6	6	-
	Provincial Judges Benefit Fund	2	2	-
	Other Pensions	2	2	-
	Motor Vehicle Accident Claims Fund	9	9	-
	Other	3	3	-
	Payments out of Trust Accounts	307	307	-
	Trust Accounts - Net Deposits	840	842	2

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Land Corporation	177	177	-
	Ontario Development Corporations	34	34	-
	Environmental Projects	30	30	-
	Tile Drainage Debentures	23	23	-
	Public Hospitals	10	10	-
	Other	73	74	1
	Repayments of Loans	347	348	1
LOANS AND INVESTMENTS	Capital Account	148	148	-
	Other	6	10	4
	Loans and Investments	154	158	4
	Loans and Investments - Net Repayments	193	190	-3

Financing

Table 4

Current net cash requirements of \$1,547 million are to be financed entirely from non-public sources of borrowing and a draw down of cash reserves.

FINANCING PLAN		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	600	600	-
	Teachers' Superannuation Fund	1,255	1,255	-
	Retirements	(343)	(343)	-
		1,512	1,512	-
PUBLIC BORROWING	Bond Issues	-	-	-
	Retirements	(6)	(6)	-
		(6)	(6)	-
Decrease in Cash Reserves		38	41	+ 3
TOTAL FINANCING		1,544	1,547	+ 3

- Ontario's weekly treasury bill auction will remain unchanged, raising no new funds and leaving the total amount outstanding at \$650 million.

Provincial Operating Position

OPERATING POSITION

- Ontario's Operating Budget position is the difference between total budgetary revenue and budgetary expenditure, excluding capital expenditure. The operating position reflects the degree to which the Government pays for its day-to-day operating needs from its current revenue.
- Budgetary revenue and expenditure are estimated to be \$28,552 million and \$31,131 million respectively. Budgetary capital spending is expected to reach \$2,272 million.
- The budgetary expenditure estimate has risen by \$100 million; however, \$12 million of this is capital expenditure. This operating expenditure increase estimate of \$88 million is more than offset by the \$98 million estimated increase in budgetary revenue.
- The estimate of the operating position of the Province has improved by \$10 million, reducing the operating deficit from \$317 million originally forecast in the Budget to the current outlook of \$307 million.

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Ontario Finances

Ministry of Treasury
and Economics

1986-87 Second Quarter

Quarterly Update
September 30, 1986

NET CASH REQUIREMENTS

- The current outlook for net cash requirements of \$1,437 million represents an improvement of \$107 million from the Budget Plan. Increased revenues of \$405 million more than offset the \$298 million expenditure increase.

6 months
actual results
and 6 months
projected

Fiscal Summary (\$million)	1986-87		
	Budget Plan	Current Outlook	In-Year Change
Revenue	29,948	30,353	+ 405
Expenditure	31,492	31,790	+ 298
Net Cash Requirements	1,544	1,437	-107

REVENUE

- Estimated revenue for 1986-87 stands at \$30,353 million, up 1.4 per cent or \$405 million from the Budget Plan.
- Taxation revenue changes include personal income tax, mining tax, land transfer tax, retail sales tax, and corporation taxes.
- In addition, lottery profits, interest on investments, and deposits into trust accounts have been revised upwards.
- These increases are partially offset by a decline in revenue from sales and rentals, federal transfers, and loan repayments.

EXPENDITURE

- The expenditure forecast of \$31,790 represents a 0.9 per cent increase from the Budget Plan.
- This increase of \$298 million includes the following major items:
 - additional funding for agricultural support programs;
 - an increase for the community colleges workload settlement;
 - increased funding for health care program costs;
 - capital funding of infrastructure services for the Toyota assembly plant, GO Transit rail replacement, and the GM/Suzuki assembly plant; and
 - additional fire fighting costs in Northern Ontario.

OPERATING POSITION

- The operating deficit is now estimated at \$174 million; an improvement of \$143 million from the Budget Plan.

FINANCING

- Projected net borrowing in 1986-87 has been reduced by \$175 million.



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Revenue

Table 1

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	7,948	8,258	310
	Retail Sales Tax	5,451	5,501	50
	Reciprocal Taxation	85	85	-
	Corporation Taxes	3,025	3,047	22
	Mining Profits Tax	55	85	30
	Gasoline Tax	1,017	1,017	-
	Motor Vehicle Fuel Tax	265	265	-
	Tobacco Tax	590	590	-
	Land Transfer Tax	270	295	25
	Race Tracks Tax	67	67	-
	Public Utilities Income Tax	45	45	-
	Other Taxation	13	13	-
		18,831	19,268	437
OTHER REVENUE	OHIP Premiums	1,653	1,653	-
	LCBO Profits	695	689	-6
	Vehicle Registration Fees	430	430	-
	LLBO Fees, Licences, Permits	318	318	-
	Other Fees and Licences	283	283	-
	Lottery Profits	346	405	59
	Interest on Investments	273	290	17
	Royalties	170	170	-
	Utility Service Charges	130	130	-
	Sales and Rentals	100	78	-22
	Fines and Penalties	95	95	-
	Miscellaneous	170	175	5
		4,663	4,716	53
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,981	2,881	-100
	Extended Health Care Services	409	409	-
	Canada Assistance Plan	1,090	1,095	5
	National Training Act	171	168	-3
	Bilingualism Development	60	60	-
	Young Offenders	44	45	1
	Vocational Rehabilitation	32	32	-
	Other	173	178	5
		4,960	4,868	-92
TOTAL BUDGETARY REVENUE		28,454	28,852	398
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,147	1,180	33
	Repayments of Loans (Table 3)	347	321	-26
TOTAL REVENUE		29,948	30,353	405

¹ Net of Tax Credits of \$275 million

Budget performance

REVENUE

The current outlook for revenue is estimated at \$30,353 million, up \$405 million from the Budget Plan. Major changes are detailed below.

- The Personal Income Tax (PIT) estimate has been increased by \$310 million, following preliminary indications from the Federal Department of Finance that Ontario's PIT entitlements had been understated by approximately \$210 million with respect to the 1985 taxation year and \$100 million for 1986.
- Strong retail sales account for a \$50 million increase in Retail Sales Tax, while Corporation Taxes, as a result of higher than expected first-quarter corporate income tax payments, are up \$22 million. The Mining Tax estimate, up by \$30 million, reflects prior year reassessments. Stronger than anticipated activity in the resale housing market has contributed to a \$25 million increase in the Land Transfer Tax estimate.
- In non-taxation sources, the estimate for Lottery Profits has been increased by \$59 million as a result of strong Lotto 6/49 sales. The upward revision in Interest on Investments of \$17 million is a result of higher levels of liquid reserves. Based on year-to-date experience, the estimate for net deposits with the Province of Ontario Savings Office has been revised upwards by \$32 million from the Budget Plan.
- A decrease of \$100 million has occurred in the estimate of federal payments for Established Programs Financing as a result of GNP and population revisions, and the upward increase in the PIT estimate. The estimate of loan repayments is down \$26 million mainly due to a decrease in the expected level of sales of land and mortgages from the Ontario Land Corporation.

EXPENDITURE

The revised expenditure forecast of \$31,790, up from the Budget Plan by \$298 million includes the following major changes:

- Agriculture and Food: a \$54 million increase for agricultural support payments.
- Colleges and Universities: a \$60 million increase in operating grants to Colleges of Applied Arts and Technology to implement a negotiated workload settlement with faculty which will increase the number of teaching staff.
- Community and Social Services: \$10 million reflects anticipated increased caseload.
- Consumer and Commercial Relations: \$7 million more for racetracks' assistance and \$5 million for service improvements and systems operations.
- Health: a \$70 million increase reflects the forecast of additional costs in the health care sector.
- Housing: \$13 million reallocation of funds from the capital to the operating account.
- Capital Account: a \$39 million net increase to provide for infrastructure services to the Toyota Assembly plant, grants to GM/Suzuki, GO Transit rail replacement, and additional funding for hospital loan repayments.
- Natural Resources: \$17 million mainly for fighting forest fires in Northern Ontario.
- Pensions: increased employer contributions of \$12 million to the Teachers' Superannuation Fund.

Expenditure

Table 2

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	410	464	54
	Attorney General	313	317	4
	Office Responsible for Women's Issues	10	10	-
	Office Responsible for Native Affairs	2	4	2
	Citizenship and Culture	190	193	3
	Colleges and Universities	2,069	2,129	60
	Community and Social Services	3,087	3,097	10
	Consumer and Commercial Relations	107	119	12
	Correctional Services	331	331	-
	Education	3,477	3,475	-2
	Energy	36	36	-
	Environment	239	242	3
	Financial Institutions	27	27	-
	Government Services	370	373	3
	Office Responsible for Disabled Persons	2	2	-
	Office Responsible for Senior Citizens	4	4	-
	Health	9,853	9,923	70
	Housing	206	219	13
	Industry, Trade and Technology	117	115	-2
	Intergovernmental Affairs	6	6	-
	Labour	92	95	3
	Legislative and Executive Offices	10	10	-
	Management Board	26	26	-
	Capital Account	2,260	2,299	39
	Municipal Affairs	860	861	1
	Natural Resources	449	466	17
	Northern Development and Mines	95	98	3
	Revenue	688	689	1
	Skills Development	456	456	-
	Solicitor General	371	365	-6
	Tourism and Recreation	126	126	-
	Transportation and Communications	625	628	3
	Treasury and Economics			
	Own Account	24	24	-
	Technology Fund	100	93	-7
	Pensions	436	448	12
	Public Debt Interest	3,575	3,573	-2
	Board of Internal Economy	82	82	-
	Estimated Year-end Savings	-100	-100	-
TOTAL BUDGETARY EXPENDITURE		31,031	31,325	294
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	307	306	-1
	Loans and Investments (Table 3)	6	10	4
	Capital Account (Table 3)	148	149	1
TOTAL EXPENDITURE		31,492	31,790	298

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEPOSITS	Public Service Superannuation Fund	725	725	—
	Superannuation Adjustment Fund	320	322	2
	Provincial Judges Benefits Fund	9	8	—1
	OPP Supplementary Benefit Fund	7	7	—
	Other Pensions	7	7	—
	Province of Ontario Savings Office	38	70	32
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	30	30	—
	Deposits into Trust Accounts	1,147	1,180	33
PAYMENTS	Public Service Superannuation Fund	181	181	—
	Superannuation Adjustment Fund	104	103	—1
	OPP Supplementary Benefit Fund	6	6	—
	Provincial Judges Benefit Fund	2	2	—
	Other Pensions	2	2	—
	Motor Vehicle Accident Claims Fund	9	9	—
	Other	3	3	—
	Payments out of Trust Accounts	307	306	—1
	Trust Accounts - Net Deposits	840	874	34

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Land Corporation	177	145	—32
	Ontario Development Corporations	34	39	5
	Environmental Projects	30	30	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	Other	73	74	1
	Repayments of Loans	347	321	—26
LOANS AND INVESTMENTS	Capital Account	148	149	1
	Other	6	10	4
	Loans and Investments	154	159	5
	Loans and Investments - Net Repayments	193	162	—31

Financing

Table 4

- Net cash requirements of \$1,437 million will be financed primarily from non-public sources.

FINANCING PLAN

NON-PUBLIC BORROWING

PUBLIC BORROWING

TOTAL FINANCING

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	600	400	-200
	Teachers' Superannuation Fund	1,255	1,280	25
	Retirements	(343)	(343)	-
		1,512	1,337	-175
PUBLIC BORROWING	Bond Issues	-	-	-
	Retirements	(6)	(6)	-
		(6)	(6)	-
Decrease in Cash Reserves		38	106	68
TOTAL FINANCING		1,544	1,437	-107

- Ontario's borrowing from the Canada Pension Plan will be reduced by \$200 million.
- \$333 million of Canada Pension Plan debt issued in the 1960's will be repaid. Ontario's borrowing in 1986-87 from the Canada Pension Plan, net of retirements, is projected to be \$67 million.
- Ontario's weekly treasury bill auction will remain unchanged, raising no new funds and leaving the total amount outstanding at \$650 million.

Provincial Operating Position

OPERATING POSITION

- The operating position reflects the degree to which the Government pays for its day-to-day operating needs from its current revenues.
- Ontario's operating shortfall is now expected to be \$174 million – an improvement of \$143 million from the \$317 million shortfall originally anticipated in the Budget.
- Of the \$294 million increase in the estimate for budgetary expenditure, \$39 million is attributable to current capital needs. The \$255 million increase in operating costs is more than covered by the \$398 million increase in current revenues.



Ontario

Ministry of Treasury
and Economics

Ontario Finances

1986-87 Third Quarter

Quarterly Update
December 31, 1986

NET CASH REQUIREMENTS

1986-87
TR
-952

9 months
actual results
and 3 months
projected

- The outlook for Net Cash Requirements of \$1,349 million represents an improvement of \$195 million from the Budget Plan and a \$88 million reduction from the Second Quarter (September 30) Ontario Finances.

Fiscal Summary (\$million)	1986-87		
	Budget Plan	Current Outlook	In-Year Change
Revenue	29,948	30,867	+ 919
Expenditure	31,492	32,216	+ 724
Net Cash Requirements	1,544	1,349	-195

REVENUE

- Estimated revenue for 1986-87 stands at \$30,867 million, an increase of \$919 million from the Budget Plan.
- Taxation revenue increases include personal income tax, retail sales tax, corporation taxes, and land transfer tax.
- In addition, lottery profits, interest on investments, Canada Assistance Plan payments, and deposits into trust accounts have been revised upwards.
- The forecast for gasoline tax, LCBO profits, and payments under the Established Programs Financing has been decreased.

EXPENDITURE

- The forecast for expenditure is \$32,216 million, or \$724 million higher than originally estimated.
- Net expenditure increases since the September 30, Ontario Finances amount to \$426 million.
- Major expenditure changes during the Third Quarter include:
 - additional funds for increased caseloads and adjustments to income maintenance benefits;
 - an increase in General Legislative Grant advances to school boards;
 - additional funds for health care programs; and
 - increased capital funding for colleges and universities, hospitals, and schools.

OPERATING POSITION

- The operating deficit is now forecast at \$99 million, an improvement of \$218 million from the Budget .

FINANCING

- Projected net borrowing remains at \$1,331 million, \$175 million below the Budget Plan.

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Treasurer of Ontario

Brock A. Smith
Deputy Treasurer

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Revenue

Table 1

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	7,948	8,610	662
	Retail Sales Tax	5,451	5,600	149
	Reciprocal Taxation	85	85	-
	Corporation Taxes	3,025	3,100	75
	Mining Profits Tax	55	85	30
	Gasoline Tax	1,017	1,000	-17
	Motor Vehicle Fuel Tax	265	265	-
	Tobacco Tax	590	590	-
	Land Transfer Tax	270	320	50
	Race Tracks Tax	67	67	-
	Public Utilities Income Tax	45	45	-
	Other Taxation	13	13	-
		18,831	19,780	949
OTHER REVENUE	OHIP Premiums	1,653	1,658	5
	LCBO Profits	695	660	-35
	Vehicle Registration Fees	430	425	-5
	LLBO Fees, Licences, Permits	318	318	-
	Other Fees and Licences	283	278	-5
	Lottery Profits	346	440	94
	Interest on Investments	273	320	47
	Royalties	170	170	-
	Utility Service Charges	130	130	-
	Sales and Rentals	100	78	-22
	Fines and Penalties	95	95	-
	Miscellaneous	170	190	20
		4,663	4,762	99
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,981	2,785	-196
	Extended Health Care Services	409	409	-
	Canada Assistance Plan	1,090	1,115	25
	National Training Act	171	165	-6
	Bilingualism Development	60	60	-
	Young Offenders	44	45	1
	Vocational Rehabilitation	32	32	-
	Other	173	178	5
		4,960	4,789	-171
TOTAL BUDGETARY REVENUE		28,454	29,331	877
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,147	1,210	63
	Repayments of Loans (Table 3)	347	326	-21
TOTAL REVENUE		29,948	30,867	919

¹ Net of Tax Credits of \$275 million.

Budget performance

REVENUE

The current outlook for revenue is estimated at \$30,867 million, an increase of \$919 million from the Budget Plan, and includes the following major changes:

- The Personal Income Tax (PIT) estimate has been increased by \$662 million. Formal notification was received the first week of January from the Federal Government that Ontario's PIT entitlements had been understated by approximately \$140 million with respect to 1984, \$270 million with respect to 1985, and \$210 million with respect to 1986. A further \$42 million has been added to the forecast in anticipation of an additional adjustment in March for the 1985 tax year.
- Strong consumer spending accounts for a \$149 million increase in Retail Sales Tax revenue, while corporation taxes have been increased \$75 million as a result of higher than expected corporate income tax payments. Continued strength in the housing market has contributed to a \$50 million upward revision in the Land Transfer Tax estimate. These taxation increases were partly offset by a \$17 million reduction in the estimate of Gasoline Tax revenue.
- In non-taxation sources, the \$94 million increase in Lottery Profits reflects strong growth in Lotto 6/49 sales. Based on year-to-date experience, the estimate for Interest on Investments has been increased \$47 million, while the estimate for net deposits with the Province of Ontario Savings Office has been revised upwards by \$77 million from the Budget Plan. Federal payments under the Canada Assistance Plan have been increased \$25 million to reflect higher levels of spending on social assistance programs.
- The decrease of \$196 million in the estimate of federal payments for Established Programs Financing corresponds to the upward revision in PIT revenues. The forecast of LCBO Profits has been revised downwards by \$35 million, reflecting lower sales.

EXPENDITURE

Expenditure has increased \$724 million from the original Plan or \$426 million since the second quarter. Expenditure is now forecast at \$32,216 million.

Significant changes in this quarter include:

- Agriculture and Food: a \$17 million increase for payments under the enhanced Ontario Family Farm Interest Rate Reduction Program.
- Community and Social Services: an additional \$82 million for increases in income maintenance benefits, anticipated caseload increases, and additional costs of adults' and children's services programs.
- Education: \$162 million includes the increase in the General Legislative Grant advances to school boards for 1987 from 7 per cent to 12 per cent.
- Environment: increases of \$8 million for salaries and special laboratory equipment and \$12 million for debt forgiveness relating to municipal water and sewage project accounts.
- Health: a \$115 million increase reflects increased utilization for OHIP, home care, cancer treatment, and other programs.
- Capital Account: a \$45 million net increase to provide capital assistance to colleges and universities, and funding to Education for new pupil spaces and site purchases.
- Treasury and Economics: a \$36 million increase reflects the reclassification to operating from capital expenditure in the economic development budget.
- Technology Fund: the \$78 million decrease in requirements is the result of lower first year costs.
- Public Debt Interest: lower than originally anticipated interest rates have led to savings of a further \$19 million.

Expenditure

Table 2

		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	410	481	71
	Attorney General	313	323	10
	Office Responsible for Women's Issues	10	10	—
	Office Responsible for Native Affairs	2	4	2
	Citizenship and Culture	190	206	16
	Colleges and Universities	2,069	2,136	67
	Community and Social Services	3,087	3,179	92
	Consumer and Commercial Relations	107	120	13
	Correctional Services	331	334	3
	Education	3,477	3,637	160
	Energy	36	27	—9
	Environment	239	262	23
	Financial Institutions	27	28	1
	Government Services	370	382	12
	Office Responsible for Disabled Persons	2	2	—
	Office Responsible for Senior Citizens	4	4	—
	Health	9,853	10,038	185
	Housing	206	219	13
	Industry, Trade and Technology	117	115	—2
	Intergovernmental Affairs	6	6	—
	Labour	92	96	4
	Legislative and Executive Offices	10	10	—
	Management Board	26	28	2
	Capital Account	2,260	2,344	84
	Municipal Affairs	860	861	1
	Natural Resources	449	472	23
	Northern Development and Mines	95	103	8
	Revenue	688	705	17
	Skills Development	456	441	—15
	Solicitor General	371	365	—6
	Tourism and Recreation	126	125	—1
	Transportation and Communications	625	644	19
	Treasury and Economics	24	60	36
	Technology Fund	100	15	—85
	Pensions	436	448	12
	Public Debt Interest	3,575	3,554	—21
	Board of Internal Economy	82	90	8
	Estimated Year-end Savings	—100	—100	—
TOTAL BUDGETARY EXPENDITURE		31,031	31,774	743
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	307	305	—2
	Loans and Investments (Table 3)	154	137	—17
TOTAL EXPENDITURE		31,492	32,216	724

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

1986-87

		Budget Plan	Current Outlook	In-Year Change
			(\$million)	
DEPOSITS	Public Service Superannuation Fund	725	725	—
	Superannuation Adjustment Fund	320	322	2
	Provincial Judges Benefits Fund	9	8	—1
	OPP Supplementary Benefit Account	7	7	—
	Other Pensions	7	7	—
	Province of Ontario Savings Office	38	115	77
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	30	15	—15
	Deposits into Trust Accounts	1,147	1,210	63
PAYMENTS	Public Service Superannuation Fund	181	183	2
	Superannuation Adjustment Fund	104	102	—2
	OPP Supplementary Benefit Account	6	6	—
	Provincial Judges Benefit Fund	2	2	—
	Other Pensions	2	2	—
	Motor Vehicle Accident Claims Fund	9	7	—2
	Other	3	3	—
	Payments out of Trust Accounts	307	305	—2
	Trust Accounts - Net Deposits	840	905	65

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Land Corporation	177	145	—32
	Ontario Development Corporations	34	44	10
	Environmental Projects	30	30	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	Other	73	74	1
	Repayments of Loans	347	326	—21
LOANS AND INVESTMENTS	Capital Account			
	Development Loans	90	68	—22
	Environmental Projects	18	16	—2
	Tile Drainage Debentures	23	23	—
	Other Capital	17	20	3
	Other	6	10	4
	Loans and Investments	154	137	—17
	Loans and Investments - Net Repayments	193	189	—4

Financing

Table 4

- Net cash requirements of \$1,349 million will be financed primarily from non-public sources.

FINANCING PLAN		1986-87		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	600	400	-200
	Teachers' Superannuation Fund	1,255	1,280	25
	Retirements	(343)	(343)	-
		1,512	1,337	-175
PUBLIC BORROWING	Bond Issues	-	-	-
	Retirements	(6)	(6)	-
		(6)	(6)	-
	Decrease in Cash Reserves	38	18	-20
TOTAL FINANCING		1,544	1,349	-195

- Anticipated borrowing from the Canada Pension Plan remains at \$400 million, \$200 million below the Budget Plan.
- \$333 million will be repaid to the Canada Pension Plan. Canada Pension Plan borrowing, net of retirements, is projected to be \$67 million.
- Ontario's weekly treasury bill auction will remain unchanged, raising no new funds and leaving the total amount outstanding at \$650 million.

Operating Position

OPERATING POSITION

- The operating position reflects the degree to which the Government pays for its day-to-day operating needs from its current revenues.
- The projected operating deficit of \$99 million shows an improvement of \$218 million from the Budget and \$75 million from the September 30, Ontario Finances.
- Of the \$449 million increase in the estimate for budgetary expenditure from the September 30, Ontario Finances, \$45 million is attributable to current capital needs. The \$404 million increase in operating costs is more than offset by the \$479 million increase in budgetary revenue.

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Ontario Finances

Ministry of Treasury
and Economics

1987-88 First Quarter

Quarterly Update
June 30, 1987



NET CASH REQUIREMENTS

- Ontario's 1987 Budget remains on target. Net cash requirements are forecast at \$975 million, or \$5 million lower than the Budget estimate. The actual results for last year, 1986-87, indicate that cash requirements were \$1,348 million or \$196 million below the original Budget for that year.

3 months
actual results
and 9 months
projected

Fiscal Summary (\$million)	1986-87 Actual	1987-88		
		Budget Plan	Current Outlook	In-Year Change
Revenue	31,223	33,866	33,946	+ 80
Expenditure	32,571	34,846	34,921	+ 75
Net Cash Requirements	1,348	980	975	(5)

REVENUE

- Estimated revenue for 1987-88 stands at \$33,946 million, an increase of \$80 million, resulting primarily from higher retail sales.

EXPENDITURE

- The current forecast for expenditure has been revised by \$75 million to \$34,921 million to reflect:
 - increased requirements for the Ontario Health Insurance Plan;
 - additional operational needs of the Homes for the Aged;
 - costs of fighting forest fires in Northern Ontario.

OPERATING POSITION

- The operating deficit is now expected to be \$13 million, an improvement from the \$28 million level contained in the Budget Plan.

FINANCING

- An additional \$127 million in publicly-held debt will be retired this year, bringing the total to \$199 million.

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Brock A. Smith
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Revenue

Table 1

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	9,959	9,959	—
	Retail Sales Tax	6,060	6,125	65
	Reciprocal Taxation	81	81	—
	Corporations Tax	3,700	3,715	15
	Mining Profits Tax	50	50	—
	Gasoline Tax	1,000	1,000	—
	Fuel Tax	280	280	—
	Tobacco Tax	630	630	—
	Land Transfer Tax	450	450	—
	Race Tracks Tax	75	75	—
	Public Utilities Income Tax	45	45	—
	Other Taxation	13	13	—
		22,343	22,423	80
OTHER REVENUE	OHIP Premiums	1,687	1,687	—
	LCBO Profits	670	670	—
	Vehicle Registration Fees	498	498	—
	LLBO Fees, Licences, Permits	328	328	—
	Other Fees and Licences	280	280	—
	Lottery Profits	500	500	—
	Interest on Investments	300	300	—
	Royalties	170	170	—
	Utility Service Charges	135	135	—
	Sales and Rentals	100	100	—
	Fines and Penalties	100	100	—
	Miscellaneous	220	220	—
		4,988	4,988	—
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,790	2,790	—
	Extended Health Care Services	433	433	—
	Canada Assistance Plan	1,240	1,240	—
	National Training Act	127	127	—
	Bilingualism Development	55	55	—
	Young Offenders	47	47	—
	Vocational Rehabilitation	35	35	—
	Other	220	220	—
		4,947	4,947	—
TOTAL BUDGETARY REVENUE		32,278	32,358	80
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,292	1,292	—
	Repayments of Loans (Table 3)	296	296	—
TOTAL REVENUE		33,866	33,946	80

¹ Net of Tax Credits of \$280 million.

Budget performance

REVENUE

The current outlook for revenue is estimated at \$33,946 million, an increase of \$80 million from the Budget Plan and includes the following changes:

- Strong consumer spending accounts for a \$65 million increase in Retail Sales Tax revenue.
- Corporations Tax revenue has been increased \$15 million as a result of higher year-to-date corporate income tax payments.

EXPENDITURE

The current expenditure forecast of \$34,921 million is \$75 million higher than the Budget level to reflect:

- Community and Social Services: \$17 million more to offset higher operating costs in Homes for the Aged and to fund an increase in the level of comfort allowances to residents of institutions.
- Health: \$39 million increase for the Ontario Health Insurance Plan, reflecting the completion of negotiations with physicians to amend the OHIP schedule of benefits and increased utilization of insured services.
- Labour: \$5 million to fund certain start-up costs relating to the implementation of the pay equity program in the Ontario Public Service.
- Natural Resources: \$7 million, mainly to provide extra manpower, supplies and services to fight forest fires in Northern Ontario which started early in the season due to unusually hot and dry weather conditions.

Expenditure

Table 2

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	493	493	–
	Attorney General	356	356	–
	Office Responsible for Women's Issues	18	17	(1)
	Office Responsible for Native Affairs	4	4	–
	Citizenship and Culture	214	214	–
	Colleges and Universities	2,300	2,302	2
	Community and Social Services	3,551	3,568	17
	Consumer and Commercial Relations	130	126	(4)
	Correctional Services	380	380	–
	Education	4,235	4,235	–
	Energy	30	30	–
	Environment	264	264	–
	Financial Institutions	30	30	–
	Government Services	418	418	–
	Office for Disabled Persons	5	5	–
	Office Responsible for Senior Citizens Affairs	6	6	–
	Health	11,050	11,089	39
	Housing	256	256	–
	Industry, Trade and Technology	133	133	–
	Intergovernmental Affairs	8	8	–
	Labour	120	125	5
	Legislative and Executive Offices	12	12	–
	Management Board	35	35	–
	Capital Account	2,575	2,585	10
	Municipal Affairs	906	906	–
	Natural Resources	504	511	7
	Northern Development and Mines	102	102	–
	Revenue	794	794	–
	Skills Development	455	455	–
	Solicitor General	394	394	–
	Tourism and Recreation	138	138	–
	Transportation and Communications	642	642	–
	Treasury and Economics	27	27	–
	Economic Development Projects	34	34	–
	Technology Fund	100	100	–
	Public Debt Interest	3,820	3,820	–
	Board of Internal Economy	82	82	–
	Expenditure Savings and Constraints ¹	(275)	(275)	–
TOTAL BUDGETARY EXPENDITURE		34,346	34,421	75
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	343	343	–
	Loans and Investments (Table 3)	157	157	–
TOTAL EXPENDITURE		34,846	34,921	75

¹ Total Expenditure Savings and Constraints are \$350 million, comprised of \$75 million from capital and \$275 million from other expenditures.

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

1987-88

Budget Plan Current Outlook In-Year Change

(\$million)

DEPOSITS

Public Service Superannuation Fund	780	780	—
Superannuation Adjustment Fund	350	350	—
Provincial Judges Benefits Fund	9	9	—
OPP Supplementary Benefit Account	8	8	—
Other Pensions	8	8	—
Province of Ontario Savings Office	100	100	—
Motor Vehicle Accident Claims Fund	11	11	—
Other	26	26	—
Deposits into Trust Accounts	1,292	1,292	—

PAYMENTS

Public Service Superannuation Fund	203	203	—
Superannuation Adjustment Fund	118	118	—
OPP Supplementary Benefit Account	6	6	—
Provincial Judges Benefits Fund	2	2	—
Other Pensions	2	2	—
Motor Vehicle Accident Claims Fund	9	9	—
Other	3	3	—
Payments out of Trust Accounts	343	343	—
Trust Accounts - Net Deposits	949	949	—

LOANS AND INVESTMENTS

REPAYMENTS

Ontario Land Corporation	120	120	—
Ontario Development Corporations	40	40	—
Environmental Projects	28	28	—
Tile Drainage Debentures	23	23	—
Public Hospitals	10	10	—
School Boards	45	45	—
Other	30	30	—
Repayments of Loans	296	296	—

LOANS AND INVESTMENTS

Capital Account			
Development Loans	97	97	—
Tile Drainage Debentures	21	21	—
Environmental Projects	21	21	—
Economic Development Projects	6	6	—
Other	12	12	—
Loans and Investments	157	157	—
Loans and Investments - Net Repayments	139	139	—

Financing

Table 4

- Net cash requirements of \$975 million will be financed entirely from non-public sources.

FINANCING PLAN		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Teachers' Superannuation Fund	1,625	1,625	—
	Retirements	(561)	(561)	—
		1,064	1,064	—
PUBLIC BORROWING	Bond Issues	—	—	—
	Retirements	(72)	(199)	(127)
		(72)	(199)	(127)
	Increase in Cash Reserves	12	(110)	(122)
TOTAL FINANCING		980	975	(5)

- Public retirements increased by \$127 million as most holders of a public issue of extendible debentures did not exercise their option to extend the term of their debentures.
- Ontario's weekly treasury bill auction remains unchanged with the total amount outstanding at \$650 million.

Operating Position

OPERATING POSITION

- The operating position reflects the degree to which the Government pays for its day-to-day operating needs from its current revenues.
- The projected operating deficit of \$13 million reflects an improvement from the \$28 million operating deficit forecast in the Budget.



Ontario

Ministry of Treasury
and Economics

Ontario Finances

1987-88 Second Quarter

Quarterly Update
September 30, 1987

NET CASH REQUIREMENTS

- Ontario's 1987 Budget Plan remains on target. The forecast for net cash requirements at \$973 million is \$7 million lower than the Budget Plan. Based on results for the first half of the year, revenue performance has improved by \$355 million, while the expenditure estimate has increased by \$348 million.

6 months
actual results
and 6 months
projected

Fiscal Summary (\$million)	1987-88		
	Budget Plan	Current Outlook	In-Year Change
Revenue	33,866	34,221	+ 355
Expenditure	34,846	35,194	+ 348
Net Cash Requirements	980	973	-7

REVENUE

- Estimated revenue for 1987-88 stands at \$34,221 million, an increase of \$355 million from the Budget Plan.
- Taxation Revenue increases include retail sales tax, corporations tax, and gasoline and fuel taxes.
- In addition, revenue from interest on investments, sales and rentals, federal transfers, and deposits into trust accounts have been revised upwards.
- These increases are partially offset by reductions in forecast revenues from mining profits tax and lottery profits.

EXPENDITURE

- The current forecast for expenditures of \$35,194 million is \$348 million higher than the Budget Plan.
- This net increase includes:
 - additional funding to provide for social assistance payments and additional operational needs of the Homes for the Aged;
 - increased funding for health care programs, mainly the Ontario Health Insurance Plan;
 - increased payments to school boards;
 - expenses relating to the September 10 provincial election.

OPERATING POSITION

- The operating deficit is expected to be \$15 million, an improvement of \$13 million over the Budget Plan.

FINANCING

- Liquid reserves have been supplemented through borrowing from the Canada Pension Plan.

Robert F. Nixon
Treasurer of Ontario

Mary Mogford
Deputy Treasurer

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Revenue

Table 1

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	9,959	9,959	–
	Retail Sales Tax	6,060	6,270	210
	Reciprocal Taxation	81	81	–
	Corporations Tax	3,700	3,765	65
	Mining Profits Tax	50	30	(20)
	Gasoline Tax	1,000	1,025	25
	Fuel Tax	280	295	15
	Tobacco Tax	630	630	–
	Land Transfer Tax	450	450	–
	Race Tracks Tax	75	75	–
	Public Utilities Income Tax	45	45	–
	Other Taxation	13	13	–
		22,343	22,638	295
OTHER REVENUE	OHIP Premiums	1,687	1,687	–
	LCBO Profits	670	670	–
	Vehicle Registration Fees	498	498	–
	LLBO Fees, Licences, Permits	328	328	–
	Other Fees and Licences	280	280	–
	Lottery Profits	500	490	(10)
	Interest on Investments	300	310	10
	Royalties	170	170	–
	Utility Service Charges	135	135	–
	Sales and Rentals	100	110	10
	Fines and Penalties	100	100	–
	Miscellaneous	220	220	–
		4,988	4,998	10
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,790	2,790	–
	Extended Health Care Services	433	433	–
	Canada Assistance Plan	1,240	1,280	40
	National Training Act	127	127	–
	Bilingualism Development	55	55	–
	Young Offenders	47	47	–
	Vocational Rehabilitation	35	35	–
	Other	220	220	–
		4,947	4,987	40
TOTAL BUDGETARY REVENUE		32,278	32,623	345
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,292	1,302	10
	Repayments of Loans (Table 3)	296	296	–
TOTAL REVENUE		33,866	34,221	355

¹ Net of Tax Credits of \$280 million.

Budget performance

REVENUE

The current outlook for revenue is \$34,221 million, up \$355 million from the Budget Plan, and includes the following major changes:

- Strong consumer spending accounts for a \$210 million increase in Retail Sales Tax revenue, while the estimate for Corporations Tax revenue has been increased \$65 million reflecting higher than expected corporate income tax payments.
- Higher than anticipated growth in consumption has led to an upward revision in Gasoline Tax of \$25 million and Fuel Tax of \$15 million.
- Taxation increases were partly offset by a \$20 million reduction in the estimate of Mining Profits Tax revenue reflecting a lower number of prior year reassessments.
- In non-taxation sources, the estimate for Interest on Investments has been increased \$10 million as a result of higher year-to-date liquid reserves while additional government land sales have contributed to a \$10 million increase in the estimate of Sales and Rentals. The forecast for Lottery Profits has been revised downward by \$10 million due to reduced participation in Lotto 6/49.
- Federal payments under the Canada Assistance Plan have been increased \$40 million to reflect higher levels of Provincial spending on social assistance programs.

EXPENDITURE

The expenditure forecast of \$35,194 million includes an increase of \$348 million over the Budget Plan. Significant changes include:

- Community and Social Services: a \$103 million increase due principally to higher social assistance caseloads under the Family Benefits and General Welfare Assistance programs, and increased operating costs of Homes for the Aged.
- Correctional Services: \$17 million more, primarily for the cost of retroactive salary settlements to correctional officers.
- Education: \$30 million increase in General Legislative Grants to school boards, including \$10 million for year-end adjustments for 1986. Increased current year payments are due primarily to higher than anticipated enrolments and transportation costs.
- Health: Expenditures increased by \$119 million, due primarily to increased utilization of OHIP insured services and home care.
- Capital Account: \$8 million of the increase is due to a reclassification of funds to capital from the Ministry of Consumer and Commercial Relations. The balance is mainly for municipal infrastructure services to the Toyota Plant in Cambridge.
- Natural Resources: a \$13 million increase includes \$11 million more for fighting forest fires in Northern Ontario.
- Board of Internal Economy: \$30 million to meet the estimated administrative costs and other expenses associated with the September 10 provincial election.

Expenditure¹

Table 2

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES				
	Agriculture and Food	493	494	1
	Attorney General	356	356	—
	Office Responsible for Native Affairs	4	4	—
	Citizenship	31	31	—
	Colleges and Universities	2,300	2,304	4
	Community and Social Services	3,551	3,654	103
	Consumer and Commercial Relations	130	126	(4)
	Correctional Services	380	397	17
	Culture and Communications	197	197	—
	Education	4,235	4,265	30
	Energy	30	31	1
	Environment	264	264	—
	Financial Institutions	30	30	—
	Government Services	418	420	2
	Office for Disabled Persons	5	5	—
	Office Responsible for Senior Citizens' Affairs	6	6	—
	Health	11,050	11,169	119
	Housing	256	256	—
	Industry, Trade and Technology	133	133	—
	Intergovernmental Affairs	8	9	1
	Labour	108	113	5
	Office Responsible for Women's Issues	18	17	(1)
	Legislative and Executive Offices	12	12	—
	Management Board	35	37	2
	Capital Account	2,575	2,588	13
	Mines	26	26	—
	Municipal Affairs	906	905	(1)
	Natural Resources	504	517	13
	Northern Development	77	79	2
	Revenue	794	801	7
	Skills Development	455	455	—
	Solicitor General	394	394	—
	Tourism and Recreation	138	139	1
	Transportation	639	639	—
	Treasury and Economics	27	27	—
	Economic Development Projects	34	34	—
	Technology Fund	100	100	—
	Public Debt Interest	3,820	3,820	—
	Board of Internal Economy	82	112	30
	Expenditure Savings and Constraints ²	(275)	(275)	—
TOTAL BUDGETARY EXPENDITURE		34,346	34,691	345
NON-BUDGETARY TRANSACTIONS				
	Payments out of Trust Accounts (Table 3)	343	343	—
	Loans and Investments (Table 3)	157	160	3
TOTAL EXPENDITURE		34,846	35,194	348

¹ Estimated to reflect the new Government structure.

² Total Expenditure Savings and Constraints are \$350 million, comprised of \$75 million from capital and \$275 million from other expenditures.

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEPOSITS	Public Service Superannuation Fund	780	785	5
	Superannuation Adjustment Fund	350	350	—
	Provincial Judges Benefits Fund	9	9	—
	OPP Supplementary Benefit Account	8	8	—
	Other Pensions	8	8	—
	Province of Ontario Savings Office	100	105	5
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	26	26	—
Deposits into Trust Accounts		1,292	1,302	10
PAYMENTS	Public Service Superannuation Fund	203	203	—
	Superannuation Adjustment Fund	118	118	—
	OPP Supplementary Benefit Account	6	6	—
	Provincial Judges Benefits Fund	2	2	—
	Other Pensions	2	2	—
	Motor Vehicle Accident Claims Fund	9	9	—
	Other	3	3	—
Payments out of Trust Accounts		343	343	—
Trust Accounts - Net Deposits		949	959	10

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Land Corporation	120	120	—
	Ontario Development Corporations	40	40	—
	Environmental Projects	28	28	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	School Boards	45	45	—
	Other	30	30	—
Repayments of Loans		296	296	—
LOANS AND INVESTMENTS	Capital Account			
	Development Loans	97	100	3
	Tile Drainage Debentures	21	21	—
	Environmental Projects	21	21	—
	Economic Development Projects	6	6	—
	Other	12	12	—
Loans and Investments		157	160	3
Loans and Investments - Net Repayments		139	136	(3)

Financing

Table 4

- Net cash requirements of \$973 million will be financed entirely from non-public sources.

FINANCING PLAN	1987-88		
	Budget Plan	Current Outlook	In-Year Change
	(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	42	42
	Teachers' Superannuation Fund	1,625	—
	Retirements	(562)	(1)
		1,105	41
PUBLIC BORROWING	Bond Issues	—	—
	Retirements	(199)	(127)
		(199)	(127)
	Increase in Liquid Reserves	(67)	(79)
TOTAL FINANCING	980	973	(7)

- Public retirements increased by \$127 million as most holders of a public issue of extendible debentures did not exercise their option to extend the term of their debentures.
- Liquid reserves have been supplemented through borrowing from the Canada Pension Plan. The proceeds were invested in a Province of Newfoundland debenture.
- Ontario's weekly treasury bill auction remains unchanged with the total amount outstanding at \$650 million.

Operating Position

- | | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OPERATING POSITION | <ul style="list-style-type: none">• The operating deficit, which represents the shortfall between current revenue and expenditure, is expected to be \$15 million, an improvement of \$13 million from the Budget Plan. |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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Ministry of Treasury
and Economics

Ontario Finances

1987-88 Third Quarter

Quarterly Update
December 31, 1987

NET CASH REQUIREMENTS

- Net cash requirements are now estimated at \$1,093 million, an increase of \$113 million from the Budget Plan and \$120 million from the September report. The increase in cash requirements from the second quarter is due to higher expenditures, particularly for social programs.

9 months
actual results
and 3 months
projected

Fiscal Summary (\$million)	1987-88		
	Budget Plan	Current Outlook	In-Year Change
Revenue	33,866	34,221	+ 355
Expenditure	34,846	35,314	+ 468
Net Cash Requirements	980	1,093	+ 113

REVENUE

- Estimated revenue for 1987-88 stands at \$34,221 million, an increase of \$355 million from the Budget Plan and unchanged from the level reported in the second quarter.
- Continued economic strength has led to increases this quarter from retail sales tax, land transfer tax and gasoline tax. In addition, revenue from fines and penalties, federal transfers, and repayments of loans has been revised upwards.
- These increases were offset by a decline in the estimate of personal income tax transfers from the federal government and by decreased revenue from LCBO and lottery profits, and from other fees and licences.

EXPENDITURE

- The current forecast for expenditure of \$35,314 million is \$468 million higher than the Budget Plan and \$120 million over the level reported in the September 30 Ontario Finances.
- This net increase of \$120 million includes:
 - additional provision for social assistance payments, increased operational needs of the Homes for the Aged and the Ontario Drug Benefit programs;
 - increased costs of health care, mainly the Home Care and Psychiatric Services programs;
 - increased payments to school boards;
 - additional funds for the Legal Aid Plan;
 - increased assistance to farmers; and
 - a reduction in Public Debt Interest expense.
- The plan to achieve \$200 million in expenditure savings from ministries' operating budgets has also been reflected.

OPERATING POSITION

- The operating deficit now projected at \$253 million, is \$238 million higher than the second quarter report.

FINANCING

- The reduction in liquid reserves resulting from an additional \$127 million in public debt retirements has been moderated through borrowing from the Canada Pension Plan.

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Revenue

Table 1

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	9,959	9,809	(150)
	Retail Sales Tax	6,060	6,320	260
	Reciprocal Taxation	81	81	—
	Corporations Tax	3,700	3,765	65
	Mining Profits Tax	50	30	(20)
	Gasoline Tax	1,000	1,030	30
	Fuel Tax	280	295	15
	Tobacco Tax	630	630	—
	Land Transfer Tax	450	480	30
	Race Tracks Tax	75	75	—
	Public Utilities Income Tax	45	45	—
	Other Taxation	13	13	—
		22,343	22,573	230
OTHER REVENUE	OHIP Premiums	1,687	1,687	—
	LCBO Profits	670	660	(10)
	Vehicle Registration Fees	498	498	—
	LLBO Fees, Licences, Permits	328	328	—
	Other Fees and Licences	280	265	(15)
	Lottery Profits	500	470	(30)
	Interest on Investments	300	310	10
	Royalties	170	170	—
	Utility Service Charges	135	135	—
	Sales and Rentals	100	110	10
	Fines and Penalties	100	115	15
	Miscellaneous	220	220	—
		4,988	4,968	(20)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,790	2,850	60
	Extended Health Care Services	433	433	—
	Canada Assistance Plan	1,240	1,290	50
	National Training Act	127	127	—
	Bilingualism Development	55	55	—
	Young Offenders	47	47	—
	Vocational Rehabilitation	35	35	—
	Other	220	220	—
		4,947	5,057	110
TOTAL BUDGETARY REVENUE		32,278	32,598	320
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,292	1,307	15
	Repayments of Loans (Table 3)	296	316	20
TOTAL REVENUE		33,866	34,221	355

¹ Net of Tax Credits of \$280 million.

Budget performance

REVENUE

The current outlook for revenue is \$34,221 million, up \$355 million from the Budget Plan and unchanged from the level reported in the Second Quarter Ontario Finances. Major changes for this quarter include:

- The Personal Income Tax (PIT) estimate has been revised downward by \$150 million. The reduction reflects indications from the federal government of smaller than anticipated adjustments in respect of current and prior-year PIT payments.
- Strong consumer spending accounts for a \$260 million increase in Retail Sales Tax revenue, \$50 million above the level reported in the second quarter. Continued strength in housing sales has contributed to a \$30 million upward revision in the Land Transfer Tax estimate while higher levels of consumption have led to a further \$5 million increase in the estimate of Gasoline Tax.
- In non-taxation sources the estimate for Fines and Penalties has been revised upwards by \$15 million. The \$20 million decrease in Lottery Profits reflects lower sales. Other revisions this quarter include the reduction of \$10 million in the estimate of LCBO Profits and a \$15 million decrease in Other Fees and Licences.
- The increase of \$60 million in the estimate for Established Programs Financing is mainly the result of population and GNP data revisions by the federal government. Federal payments under the Canada Assistance Plan have been increased by a further \$10 million to reflect higher levels of Provincial spending on cost-shareable social assistance programs.
- Repayment of loans has been increased by \$20 million reflecting the continuing divestment of the Ontario Mortgage Corporation's outstanding mortgage portfolio.

EXPENDITURE

The revised expenditure forecast at \$35,314 million, is \$468 million higher than the original Budget Plan and up \$120 million from the Second Quarter Ontario Finances.

Major changes this quarter include:

- Agriculture and Food: \$16 million increase principally due to increased requirements for the Farm Tax Reduction Program.
- Attorney General: a \$21 million increase due to higher requirements for the Legal Aid Plan, and additional funding for the administration of the justice system.
- Community and Social Services: \$31 million more primarily for the January 1 rate increase to recipients under the Family Benefits and General Welfare Assistance programs, the Ontario Drug Benefit Plan and Municipal Homes for the Aged.
- Education: an additional \$48 million mainly to cover the increase in General Legislative Grants to school boards for higher than anticipated school enrolments.
- Health: Expenditure up by \$42 million from second quarter. Total Ministry spending is now \$161 million higher than the original Budget plan, reflecting \$103 million in additional requirements for OHIP, and increased expenditures for Home Care, Psychiatric Services and the AIDS education and prevention program.
- Capital Account: \$86 million decrease, reflecting project underspending in several ministries.
- Natural Resources: \$10 million decrease reflecting reduced direct operating expenditures.
- Skills Development: \$27 million underspending mainly on account of lower than anticipated take-up in Youth Training and Employment Programs.
- Technology Fund: the estimate for 1987-88 cashflow is reduced by \$70 million, as requirements for approved projects are now expected in future years. Project grants totalling more than \$250 million have already been committed from the \$1 billion multi-year fund.
- Public Debt Interest: \$35 million decrease to reflect additional public debt retirements and lower interest rates.
- Expenditure Savings and Constraints: the plan to achieve \$200 million in expenditure savings from ministries' operating spending has been reflected. Further year-end savings of \$75 million are expected from operating expenditures and \$75 million from the Capital Account.

Expenditure¹

Table 2

		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES				
	Agriculture and Food	493	510	17
	Attorney General	356	377	21
	Office Responsible for Native Affairs	4	4	–
	Citizenship	31	31	–
	Colleges and Universities	2,300	2,304	4
	Community and Social Services	3,551	3,685	134
	Consumer and Commercial Relations	130	128	(2)
	Correctional Services	380	399	19
	Culture and Communications	197	200	3
	Education	4,235	4,313	78
	Energy	30	30	–
	Environment	264	260	(4)
	Financial Institutions	30	30	–
	Government Services	418	418	–
	Office for Disabled Persons	5	5	–
	Office Responsible for Senior Citizens' Affairs	6	6	–
	Health	11,050	11,211	161
	Housing	256	256	–
	Industry, Trade and Technology	133	130	(3)
	Intergovernmental Affairs	8	9	1
	Labour	108	110	2
	Office Responsible for Women's Issues	18	17	(1)
	Legislative and Executive Offices	12	12	–
	Management Board	35	37	2
	Capital Account	2,575	2,502	(73)
	Municipal Affairs	906	905	(1)
	Natural Resources	504	507	3
	Northern Development and Mines	103	103	–
	Revenue	794	798	4
	Skills Development	455	428	(27)
	Solicitor General	394	396	2
	Tourism and Recreation	138	137	(1)
	Transportation	639	644	5
	Treasury and Economics	27	27	–
	Economic Development Projects	34	34	–
	Technology Fund	100	30	(70)
	Public Debt Interest	3,820	3,785	(35)
	Board of Internal Economy	82	115	33
	Expenditure Savings and Constraints	(275) ²	(75)	200
TOTAL BUDGETARY EXPENDITURE		34,346	34,818	472
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	343	340	(3)
	Loans and Investments (Table 3)	157	156	(1)
TOTAL EXPENDITURE		34,846	35,314	468

¹ Estimated to reflect the new Government structure.

² Total Expenditure Savings and Constraints were budgetted at \$350 million. Capital comprised \$75 million and other expenditures \$275 million.

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

1987-88

		Budget Plan	Current Outlook	In-Year Change
			(\$million)	
DEPOSITS	Public Service Superannuation Fund	780	790	10
	Superannuation Adjustment Fund	350	350	—
	Provincial Judges Benefits Fund	9	9	—
	OPP Supplementary Benefit Account	8	8	—
	Other Pensions	8	8	—
	Province of Ontario Savings Office	100	105	5
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	26	26	—
	Deposits into Trust Accounts	1,292	1,307	15
PAYMENTS	Public Service Superannuation Fund	203	203	—
	Superannuation Adjustment Fund	118	118	—
	OPP Supplementary Benefit Account	6	6	—
	Provincial Judges Benefits Fund	2	2	—
	Other Pensions	2	2	—
	Motor Vehicle Accident Claims Fund	9	6	(3)
	Other	3	3	—
	Payments out of Trust Accounts	343	340	(3)
	Trust Accounts - Net Deposits	949	967	18

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Land Corporation	120	140	20
	Ontario Development Corporations	40	40	—
	Environmental Projects	28	28	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	School Boards	45	45	—
	Other	30	30	—
	Repayments of Loans	296	316	20
LOANS AND INVESTMENTS	Capital Account			
	Development Loans	97	100	3
	Tile Drainage Debentures	21	17	(4)
	Environmental Projects	21	21	—
	Economic Development Projects	6	6	—
	Other	12	12	—
	Loans and Investments	157	156	(1)
	Loans and Investments - Net Repayments	139	160	21

Financing

Table 4

- Net cash requirements of \$1,093 million will be financed entirely from non-public sources.

FINANCING PLAN		1987-88		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	–	42	42
	Teachers' Superannuation Fund	1,625	1,625	–
	Retirements	(561)	(562)	(1)
		1,064	1,105	41
PUBLIC BORROWING	Bond Issues	–	–	–
	Retirements	(72)	(199)	(127)
		(72)	(199)	(127)
Increase in Liquid Reserves		12	(187)	(199)
TOTAL FINANCING		980	1,093	113

- Public retirements increased by \$127 million as most holders of a public issue of extendible debentures did not exercise their option to extend the term of their debentures.
- Liquid reserves have been supplemented through borrowing from the Canada Pension Plan. The proceeds were invested in a Province of Newfoundland debenture.
- Ontario's weekly treasury bill auction remains unchanged with the total amount outstanding at \$650 million.

Operating Position

- OPERATING POSITION
- The operating deficit, now forecast at \$253 million, is \$225 million above the Budget Plan, and \$238 million higher than the second quarter level. This increase is due to higher current expenditures and reduced capital spending.

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Ontario

Ministry of Treasury
and Economics

Ontario Finances

1988-89 First Quarter

Quarterly Update
June 30, 1988

BUDGETARY DEFICIT

- Budgetary expenditure is forecast \$3 million below the original Budget estimate, and budgetary revenue is also estimated to decline by \$23 million from Budget. As a result, the budgetary deficit, at \$1,564 million, is forecast to be \$20 million higher than the original Budget estimate of \$1,544 million.
- The revised deficit represents a reduction of more than \$900 million from the actual 1987-88 level of \$2,489 million.

3 months
actual results
and 9 months
projected

Fiscal Summary (\$million)	1987-88 Actual	1988-89		
		Budget Plan	Current Outlook	In-Year Change
Budgetary Transactions				
Revenue	32,453	36,343	36,320	(23)
Expenditure	34,942	37,887	37,884	(3)
Budgetary Deficit	2,489	1,544	1,564	20
Non-Budgetary Contribution	1,203	1,071	1,071	-
Net Cash Requirements	1,286	473	493	20

BUDGETARY REVENUE

- Estimated budgetary revenue for 1988-89 is at \$36,320 million, a decrease of \$23 million, resulting from a decline in non-taxation revenue sources on account of LCBO profits, lottery profits and interest on investments.
- The forecast of revenue from taxation sources is up \$2 million from Budget. Increases in reciprocal, gasoline and land transfer taxes are largely offset by decreases in corporations tax and tobacco tax.

BUDGETARY EXPENDITURE

- The revised forecast of budgetary expenditure at \$37,884 million, is \$3 million less than the Budget Plan.
- This change includes:
 - additional funding for fighting forest fires in the North;
 - a reduction in the cash flow requirement for the Technology Fund; and
 - a reduction in Public Debt Interest expense.

NON-BUDGETARY CONTRIBUTION AND NET CASH REQUIREMENTS

- Non-budgetary accounts will contribute \$1,071 million, so that net cash requirements are now forecast at \$493 million.
- This level of net cash requirements is approximately \$800 million below the actual 1987-88 results of \$1,286 million.

OPERATING POSITION

- The operating position is projected at \$1,021 million, down \$18 million from the Budget.

Robert F. Nixon
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Revenue

Table 1

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	10,622	10,622	—
	Retail Sales Tax	7,814	7,814	—
	Reciprocal Taxation	93	105	12
	Corporations Tax	4,329	4,314	(15)
	Mining Profits Tax	45	45	—
	Gasoline Tax	1,214	1,219	5
	Fuel Tax	325	325	—
	Tobacco Tax	776	771	(5)
	Land Transfer Tax	500	505	5
	Race Tracks Tax	80	80	—
	Public Utilities Income Tax	50	50	—
	Other Taxation	15	15	—
		25,863	25,865	2
OTHER REVENUE	OHIP Premiums	1,738	1,738	—
	LCBO Profits	701	691	(10)
	Vehicle Registration Fees	513	513	—
	LLBO Fees, Licences, Permits	415	415	—
	Other Fees and Licences	265	265	—
	Lottery Profits	465	460	(5)
	Interest on Investments	253	243	(10)
	Royalties	208	208	—
	Utility Service Charges	120	120	—
	Sales and Rentals	110	110	—
	Fines and Penalties	125	125	—
	Miscellaneous	240	240	—
		5,153	5,128	(25)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,925	2,925	—
	Extended Health Care Services	463	463	—
	Canada Assistance Plan	1,460	1,460	—
	National Training Act	102	102	—
	Bilingualism Development	57	57	—
	Young Offenders	64	64	—
	Vocational Rehabilitation	32	32	—
	Other	224	224	—
		5,327	5,327	—
TOTAL BUDGETARY REVENUE		36,343	36,320	(23)
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,429	1,429	—
	Repayments of Loans (Table 3)	175	175	—
TOTAL INFLOWS		37,947	37,924	(23)

¹ Net of Tax Credits of \$360 million.

Budget performance

BUDGETARY REVENUE

The forecast for budgetary revenue is \$36,320 million, a decrease of \$23 million from the Budget Plan, and includes the following changes:

- First quarter results for taxation revenue, up \$2 million from the original estimate, demonstrate the strong economic performance forecast in the 1988 Budget.
- Reciprocal taxation, which relates to federal government purchases of goods and services subject to Ontario's retail sales tax, has been increased by \$12 million.
- Higher than anticipated consumption growth has led to an upward revision in gasoline tax of \$5 million.
- Increased revenues from taxation sources are largely offset by a \$15 million decrease in the estimate of corporations tax revenue reflecting a higher level of refunds in respect of prior years, and a \$5 million reduction in the estimate of tobacco tax revenue as a result of lower than anticipated consumption.
- In non-taxation sources, the estimates for LCBO and lottery profits have been decreased in total by \$15 million as a result of lower sales. Interest on investments has been decreased by \$10 million to reflect a lower average level of liquid reserves for this fiscal year.

BUDGETARY EXPENDITURE

Total budgetary expenditure of \$37,884 million is down \$3 million from the original Budget and includes the following changes:

- Community and Social Services: \$2 million transferred to the Capital Account to accommodate child care for school aged children in new and expanding schools.
- Education: \$3 million in General Legislative Grants (GLGs) transferred to Municipal Affairs for assistance to the Region of Waterloo and Huron County to phase in the impact of assessment shifts between municipalities as a result of reassessment.
- Capital Account: a \$2 million transfer adjustment from the operating account.
- Municipal Affairs: a \$3 million increase in funding from the budget of the Ministry of Education.
- Natural Resources: funding for extra fire fighting is increased by \$40 million due to unusually dry conditions in the North. This brings total planned expenditure for the program to \$57 million, which is \$34 million higher than the previous year's level.
- Technology Fund: the estimate for 1988-89 cash flow is reduced by \$25 million, as requirements for approved projects are expected in future years. Project grants totalling more than \$300 million have already been committed and will be met from the \$1 billion multi-year fund.
- Public Debt Interest reduced by \$15 million due to:
 - a shift in Province of Ontario Savings Office deposits to longer term Guaranteed Investment Certificates, causing interest payments to flow in future fiscal years.
 - the increased flexibility in debt management permitted by the passage of amendments to the Financial Administration Act.
- Board of Internal Economy: Printed Estimates recently tabled by the Board are \$3 million lower than Budget forecast.
- Expenditure Savings and Constraints: towards the Budget target of \$500 million, Management Board is implementing a 2 per cent payroll reduction, and a 6 per cent reduction in other direct operating expenditures of Ministries. Selected operations, such as courts administration, psychiatric hospitals and correctional institutions have been exempted from these reductions. During the second quarter, ministries will be identifying the location of these constraints and other savings from programs across the Government.

Expenditure

Table 2

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	518	518	-
	Attorney General	402	402	-
	Office Responsible for Native Affairs	5	5	-
	Citizenship	36	36	-
	Colleges and Universities	2,473	2,473	-
	Community and Social Services	4,243	4,241	(2)
	Consumer and Commercial Relations	152	152	-
	Correctional Services	423	423	-
	Culture and Communications	228	228	-
	Education	4,561	4,558	(3)
	Energy	34	34	-
	Environment	278	278	-
	Financial Institutions	36	36	-
	Government Services	453	453	-
	Office for Disabled Persons	5	5	-
	Office Responsible for Senior Citizens Affairs	7	7	-
	Health	12,435	12,435	-
	Housing	334	334	-
	Industry, Trade and Technology	146	146	-
	Intergovernmental Affairs	9	9	-
	Labour	126	126	-
	Office Responsible for Women's Issues	18	18	-
	Legislative and Executive Offices	12	12	-
	Management Board	40	40	-
	Capital Account	3,003	3,005	2
	Municipal Affairs	958	961	3
	Natural Resources	507	547	40
	Northern Development and Mines	116	116	-
	Revenue	830	830	-
	Skills Development	408	408	-
	Solicitor General	427	427	-
	Tourism and Recreation	142	142	-
	Transportation	681	681	-
	Treasury and Economics	29	29	-
	Economic Development Projects	33	33	-
	Technology Fund	100	75	(25)
	Public Debt Interest	4,080	4,065	(15)
	Board of Internal Economy	99	96	(3)
	Expenditure Savings and Constraints			
	Capital	(200)	(200)	-
	Operating	(300)	(300)	-
TOTAL BUDGETARY EXPENDITURE		37,887	37,884	(3)
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	412	412	-
	Loans and Investments (Table 3)	121	121	-
TOTAL OUTFLOWS		38,420	38,417	(3)

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEPOSITS	Public Service Superannuation Fund	878	878	—
	Superannuation Adjustment Fund	378	378	—
	Provincial Judges Benefits Fund	10	10	—
	OPP Supplementary Benefit Account	10	10	—
	Other Pensions	10	10	—
	Province of Ontario Savings Office	120	120	—
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	12	12	—
Deposits into Trust Accounts		1,429	1,429	—
PAYMENTS	Public Service Superannuation Fund	237	237	—
	Superannuation Adjustment Fund	153	153	—
	OPP Supplementary Benefit Account	6	6	—
	Provincial Judges Benefits Fund	2	2	—
	Other Pensions	3	3	—
	Motor Vehicle Accident Claims Fund	8	8	—
	Other	3	3	—
Payments out of Trust Accounts		412	412	—
Trust Accounts - Net Deposits		1,017	1,017	—

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Development Corporations	45	45	—
	School Boards	40	40	—
	Environmental Projects	25	25	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	Ontario Mortgage Corporation	2	2	—
	Other	30	30	—
Repayments of Loans		175	175	—
LOANS AND INVESTMENTS	Capital Account			
	Development Loans	75	75	—
	Environmental Projects	23	23	—
	Tile Drainage Debentures	18	18	—
	Economic Development Projects	4	4	—
	Other	1	1	—
Loans and Investments		121	121	—
Loans and Investments - Net Repayments		54	54	—

Financing

Table 4

- Net cash requirements of \$493 million will be financed entirely from the Teachers' Superannuation Fund.

FINANCING PLAN	1988-89		
	Budget Plan	Current Outlook	In-Year Change
(\$million)			
NON-PUBLIC BORROWING	Canada Pension Plan	-	-
	Teachers' Superannuation Fund	1,675	-
	Retirements	(420)	-
		1,255	-
PUBLIC BORROWING	Bond Issues	-	-
	Retirements	(500)	-
		(500)	-
	Increase in Liquid Reserves	282	(20)
TOTAL FINANCING	473	493	20

- Ontario's weekly Treasury bill auction remains unchanged, with the total amount outstanding at \$650 million.
- The growth in liquid reserves will be moderated by \$20 million to cover the increase in the budgetary deficit.

Operating Position

OPERATING POSITION

- The operating position reflects the Government's ability to pay for day-to-day operating needs from current revenue. The operating position is now forecast to contribute \$1,021 million towards funding of planned capital expenditure, a decline of \$18 million from the original forecast. This change also reflects the downward forecast for non-taxation revenues.



Ontario

Ministry of Treasury
and Economics

Ontario Finances

1988-89 Second Quarter

Quarterly Update
September 30, 1988

BUDGETARY DEFICIT

- The budgetary deficit is currently forecast at \$1,611 million, \$47 million more than the first quarter report, or \$67 million higher than the Budget Plan. This result is due solely to a further reduction in the estimate for budgetary revenue. The estimate for budgetary expenditure remains unchanged from first quarter, at \$3 million below the original Budget.

6 months
actual results
and 6 months
projected

Fiscal Summary (\$million)	1988-89		
	Budget Plan	Current Outlook	In-Year Change
Budgetary Transactions			
Revenue	36,343	36,273	(70)
Expenditure	37,887	37,884	(3)
Budgetary Deficit	1,544	1,611	67
Non-Budgetary Contribution	1,071	1,129	58
Net Cash Requirements	473	482	9

BUDGETARY REVENUE

- Estimated budgetary revenue for 1988-89 is \$36,273 million, a decrease of \$70 million from the Budget Plan and \$47 million below the level reported in the first quarter. The decrease reported this quarter results mainly from a decline in the estimate of federal contributions for Established Programs Financing.
- The overall estimate for taxation revenue continues at the Budget target. Revenue from the land transfer tax increased, while declines were recorded in retail sales and tobacco taxes.
- Non-taxation revenue sources experienced a net decline as a result of a decrease in the estimate of LLBO fees, licences and permits and a continued decline in the estimates of LCBO and lottery profits.

BUDGETARY EXPENDITURE

- The current forecast of budgetary expenditure is \$37,884 million, unchanged from the June 30 report and \$3 million lower than the Budget Plan.
- Savings and constraints of \$373 million towards the target of \$500 million have been incorporated into individual Ministry budgets.

NON-BUDGETARY CONTRIBUTION AND NET CASH REQUIREMENTS

- The non-budgetary contribution of \$1,129 million is \$58 million higher than the first quarter mainly due to a forecast increase in deposits at the Province of Ontario Savings Office (POSO)
- Net cash requirements are forecast at \$482 million, a decrease of \$11 million from the last report but \$9 million higher than the Budget Plan.

OPERATING POSITION

- The operating position is currently projected at \$982 million, down \$39 million from the first quarter.

Robert F. Nixon
Treasurer of Ontario



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Revenue

Table 1

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	10,622	10,622	—
	Retail Sales Tax	7,814	7,797	(17)
	Reciprocal Taxation	93	105	12
	Corporations Tax	4,329	4,314	(15)
	Mining Profits Tax	45	45	—
	Gasoline Tax	1,214	1,219	5
	Fuel Tax	325	325	—
	Tobacco Tax	776	761	(15)
	Land Transfer Tax	500	530	30
	Race Tracks Tax	80	80	—
	Public Utilities Income Tax	50	50	—
	Other Taxation	15	15	—
		25,863	25,863	0
OTHER REVENUE	OHIP Premiums	1,738	1,743	5
	LCBO Profits	701	675	(26)
	Vehicle Registration Fees	513	513	—
	LLBO Fees, Licences, Permits	415	410	(5)
	Other Fees and Licences	265	265	—
	Lottery Profits	465	455	(10)
	Interest on Investments	253	243	(10)
	Royalties	208	208	—
	Utility Service Charges	120	120	—
	Sales and Rentals	110	120	10
	Fines and Penalties	125	125	—
	Miscellaneous	240	240	—
		5,153	5,117	(36)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,925	2,885	(40)
	Extended Health Care Services	463	463	—
	Canada Assistance Plan	1,460	1,466	6
	National Training Act	102	102	—
	Bilingualism Development	57	57	—
	Young Offenders	64	64	—
	Vocational Rehabilitation	32	32	—
	Other	224	224	—
		5,327	5,293	(34)
TOTAL BUDGETARY REVENUE		36,343	36,273	(70)
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,429	1,459	30
	Repayments of Loans (Table 3)	175	191	16
TOTAL INFLOWS		37,947	37,923	(24)

¹ Net of Tax Credits of \$360 million.

Budget performance

BUDGETARY REVENUE

The current outlook for revenue is \$36,273 million, a decrease of \$70 million from the Budget Plan and \$47 million below the first quarter report. Major changes for this quarter include:

- Estimates of payments from the federal government have been reduced by \$34 million. Federal reductions in Gross National Product figures for the 1984 to 1987 period led to a \$40 million decline in the estimate of Established Programs Financing. This decrease was partly offset by an increase of \$6 million in expected Canada Assistance Plan receipts.
- The estimate for taxation revenue remains on target. Lower than anticipated consumption has resulted in downward adjustments this quarter of \$17 million in the retail sales tax and \$10 million in the estimate of tobacco tax. The land transfer tax continues to exhibit strong growth and is now \$30 million above the Budget Plan.
- The reduction of \$11 million in other revenue from last quarter includes a decrease of \$16 million in LCBO profits, \$5 million in LLBO fees, licences and permits, and \$5 million in lottery profits.

BUDGETARY EXPENDITURE

The forecast for budgetary expenditure at \$37,884 million remains unchanged from the first quarter Ontario Finances. An explanation of major changes follows:

- Agriculture and Food: the net reduction of \$35 million is the result of savings of \$43 million, reduced by an \$8 million increase recently announced for assistance to Ontario's grape and wine industry.
- Capital Account: the \$104 million net reduction from the original Budget is mainly the result of identifying \$114 million in capital savings. Major changes to the Capital Account include:
 - an \$87 million reduction due in part to strikes in the construction industry and other project delays affecting the Ministries of Health, Transportation, and Colleges and Universities.
 - \$20 million more to purchase bi-level GO Transit railway cars.
- Public Debt Interest: the decrease reflects a further \$35 million reduction in estimated interest expense since the first quarter report. This is largely the result of changes in the timing of cash flows associated with the various sources of borrowing.
- Expenditure Savings and Constraints: during this second quarter, Ministries have identified and Management Board has approved the distribution of \$373 million in expenditure savings and constraints. These reductions have been incorporated into the budgets of the individual ministries:
 - \$114 million in capital.
 - the \$259 million in operating savings and constraints identified by ministries includes \$38 million from ministry payroll budgets and \$81 million from direct operating expenses, of which \$21 million is constrained from advertising, publications, consulting services and travel budgets. Selected operations, such as courts administration, psychiatric hospitals and correctional institutions have been exempted from these reductions.
 - the remaining savings of \$127 million needed to reach the Budget target of \$500 million have been increased by \$40 million to offset the in-year increase for emergency firefighting reported last quarter. These funds will be secured from unspent Ministry allocations over the balance of the year.

Expenditure

Table 2

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	518	483	(35)
	Attorney General	402	400	(2)
	Office Responsible for Native Affairs	5	4	(1)
	Citizenship	36	36	-
	Colleges and Universities	2,473	2,470	(3)
	Community and Social Services	4,243	4,227	(16)
	Consumer and Commercial Relations	152	145	(7)
	Correctional Services	423	418	(5)
	Culture and Communications	228	227	(1)
	Education	4,561	4,555	(6)
	Energy	34	33	(1)
	Environment	278	281	3
	Financial Institutions	36	38	2
	Government Services	453	442	(11)
	Office for Disabled Persons	5	5	-
	Office Responsible for Senior Citizens Affairs	7	6	(1)
	Health	12,435	12,427	(8)
	Housing	334	324	(10)
	Industry, Trade and Technology	146	137	(9)
	Intergovernmental Affairs	9	9	-
	Labour	126	119	(7)
	Office Responsible for Women's Issues	18	17	(1)
	Legislative and Executive Offices	12	12	-
	Management Board	40	39	(1)
	Capital Account	3,003	2,899	(104)
	Municipal Affairs	958	959	1
	Natural Resources	507	530	23
	Northern Development and Mines	116	111	(5)
	Revenue	830	817	(13)
	Skills Development	408	386	(22)
	Solicitor General	427	422	(5)
	Tourism and Recreation	142	140	(2)
	Transportation	681	673	(8)
	Treasury and Economics	29	28	(1)
	Economic Development Projects	33	31	(2)
	Technology Fund	100	74	(26)
	Public Debt Interest	4,080	4,030	(50)
	Board of Internal Economy	99	97	(2)
	Expenditure Savings and Constraints			
	Capital	(200)	(86)	114
	Operating	(300)	(81)	219
TOTAL BUDGETARY EXPENDITURE		37,887	37,884	(3)
NON-BUDGETARY TRANSACTIONS	Payments out of Trust Accounts (Table 3)	412	408	(4)
	Loans and Investments (Table 3)	121	113	(8)
TOTAL OUTFLOWS		38,420	38,405	(15)

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEPOSITS	Public Service Superannuation Fund	878	878	—
	Superannuation Adjustment Fund	378	378	—
	Provincial Judges Benefits Fund	10	10	—
	OPP Supplementary Benefit Account	10	10	—
	Other Pensions	10	10	—
	Province of Ontario Savings Office	120	150	30
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	12	12	—
Deposits into Trust Accounts		1,429	1,459	30
PAYMENTS	Public Service Superannuation Fund	237	237	—
	Superannuation Adjustment Fund	153	153	—
	OPP Supplementary Benefit Account	6	6	—
	Provincial Judges Benefits Fund	2	2	—
	Other Pensions	3	3	—
	Motor Vehicle Accident Claims Fund	8	4	(4)
	Other	3	3	—
Payments out of Trust Accounts		412	408	(4)
Trust Accounts - Net Deposits		1,017	1,051	34

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Development Corporations	45	45	—
	School Boards	40	40	—
	Environmental Projects	25	25	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	Ontario Mortgage Corporation	2	2	—
	Other	30	46	16
Repayments of Loans		175	191	16
LOANS AND INVESTMENTS	Capital Account			
	Development Loans	75	72	(3)
	Environmental Projects	23	23	—
	Tile Drainage Debentures	18	14	(4)
	Economic Development Projects	4	3	(1)
	Other	1	1	—
Loans and Investments		121	113	(8)
Loans and Investments - Net Repayments		54	78	24

Financing

Table 4

- Net cash requirements of \$482 million will be financed entirely from the Teachers' Superannuation Fund.

FINANCING PLAN		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	-	-	-
	Teachers' Superannuation Fund	1,675	1,675	-
	Retirements	(420)	(420)	-
		1,255	1,255	-
PUBLIC BORROWING	Bond Issues	-	-	-
	Retirements	(500)	(500)	-
		(500)	(500)	-
	Increase in Liquid Reserves	282	273	(9)
TOTAL FINANCING		473	482	9

- Ontario's weekly Treasury bill auction remains unchanged, with the total amount outstanding at \$650 million.
- Liquid reserves will decline by \$9 million to cover the increase in net cash requirements.

Operating position

OPERATING POSITION

- The operating position reflects the Government's ability to pay for day-to-day operating needs from current revenue. The operating position is now forecast to contribute \$982 million towards funding of planned capital expenditure, a reduction of \$39 million from the first quarter and \$57 million from the original forecast.



Ontario

Ministry of Treasury
and Economics

Ontario Finances

1988-89 Third Quarter

Quarterly Update
December 31, 1988

BUDGETARY DEFICIT

CA20N
TR
- 052

9 months
actual results
and 3 months
projected

- The latest forecast for the budgetary deficit is \$1,524 million, \$20 million lower than the original Budget Plan, and \$87 million below the second quarter report.

Fiscal Summary (\$million)	1988-89		
	Budget Plan	Current Outlook	In-Year Change
Budgetary Transactions			
Revenue	36,343	36,663	320
Expenditure	37,887	38,187	300
Budgetary Deficit	1,544	1,524	(20)
Non-Budgetary Contribution	1,071	1,253	182
Net Cash Requirements	473	271	(202)

BUDGETARY REVENUE

- Estimated budgetary revenue for 1988-89 is \$36,663 million, an increase of \$320 million from the Budget Plan and \$390 million above the level reported in the second quarter. The improvement over the second quarter reflects recent notification from the federal government that it had underestimated current and prior years entitlements for personal income tax payments. Estimates of mining profits tax and land transfer tax revenue have also increased.
- These taxation revenue increases were partly offset by declines in retail sales and fuel (diesel) taxes. The decrease in the estimate for Established Programs Financing is related to the upward adjustment to personal income tax payments.
- Non-taxation revenue sources experienced a net decline from the Budget Plan as a result of continued declines in the estimate of LCBO profits and LLBO fees, licences and permits.

BUDGETARY EXPENDITURE

- The \$38,187 million forecast for budgetary expenditure is \$300 million higher than the Budget Plan. The increase is accounted for solely by advance payments to school boards of \$300 million for capital construction.
- The forecast for operating expenditure remains unchanged from the original Budget Plan. In-year expenditure increases in high priority program areas have been met from within the Budget target.
- To date, savings and constraints of \$373 million have been secured towards the \$500 million target included in the Budget Plan.

NON-BUDGETARY CONTRIBUTION AND NET CASH REQUIREMENTS

- The non-budgetary contribution of \$1,253 million is \$182 million higher than the Budget Plan mainly due to a forecast increase in deposits at the Province of Ontario Savings Office (POSIO).
- The revised outlook for net cash requirements is \$271 million or \$202 million lower than the original Budget forecast.

OPERATING POSITION

- The operating position is currently projected at \$1,345 million, up \$306 million from the Budget estimate.

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Revenue

Table 1

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	10,622	11,096	474
	Retail Sales Tax	7,814	7,764	(50)
	Reciprocal Taxation	93	105	12
	Corporations Tax	4,329	4,314	(15)
	Mining Profits Tax	45	100	55
	Gasoline Tax	1,214	1,229	15
	Fuel Tax	325	320	(5)
	Tobacco Tax	776	761	(15)
	Land Transfer Tax	500	560	60
	Race Tracks Tax	80	80	-
	Public Utilities Income Tax	50	50	-
	Other Taxation	15	15	-
		25,863	26,394	531
OTHER REVENUE	OHIP Premiums	1,738	1,743	5
	LCBO Profits	701	650	(51)
	Vehicle Registration Fees	513	513	-
	LLBO Fees, Licences, Permits	415	405	(10)
	Other Fees and Licences	265	265	-
	Lottery Profits	465	455	(10)
	Interest on Investments	253	243	(10)
	Royalties	208	208	-
	Utility Service Charges	120	128	8
	Sales and Rentals	110	120	10
	Fines and Penalties	125	125	-
	Miscellaneous	240	240	-
		5,153	5,095	(58)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,925	2,754	(171)
	Extended Health Care Services	463	463	-
	Canada Assistance Plan	1,460	1,485	25
	National Training Act	102	107	5
	Bilingualism Development	57	57	-
	Young Offenders	64	64	-
	Vocational Rehabilitation	32	32	-
	Other	224	212	(12)
		5,327	5,174	(153)
TOTAL BUDGETARY REVENUE		36,343	36,663	320
NON-BUDGETARY TRANSACTIONS	Deposits into Trust Accounts (Table 3)	1,429	1,579	150
	Repayments of Loans (Table 3)	175	191	16
TOTAL INFLOWS		37,947	38,433	486

¹ Net of Ontario Tax Credits.

Budget performance

BUDGETARY REVENUE

The current outlook for budgetary revenue is \$36,663 million, an increase of \$320 million from the Budget Plan and \$390 million above the second quarter report. Major changes this quarter include:

- The personal income tax (PIT) estimate has been revised upward by \$474 million following notification from the federal government that Ontario's PIT entitlements had been understated, primarily in respect of prior years. The decrease of \$131 million in the estimate of federal payments for Established Programs Financing corresponds to the upward revision in PIT revenues.
- Revenue from mining profits tax has been increased by \$55 million over the Budget Plan in anticipation of strong gains in mining profits resulting from the growth in base metal prices. Land transfer tax revenue continues to exhibit strong growth and has been increased a further \$30 million to \$60 million above the Budget Plan. Higher levels of consumption have led to a further \$10 million increase in the estimate of gasoline tax revenue.
- Taxation revenue increases were partly offset by a decline of \$33 million in retail sales tax and \$5 million in fuel (diesel) tax as a result of lower than anticipated consumption.
- The reduction of \$22 million in other revenue from the second quarter includes a decline of \$25 million in LCBO profits and a \$5 million decline in LLBO fees, licences and permits reflecting lower sales.
- Payments from the federal government are estimated to decline by \$119 million largely as a result of the reduction in Established Programs Financing payments described above. Other changes include an increase of \$19 million in Canada Assistance Plan payments due to higher levels of Provincial spending on cost-shareable social assistance programs.

BUDGETARY EXPENDITURE

The third quarter budgetary expenditure forecast of \$38,187 million is \$300 million higher than the original Budget estimate of April 20, 1988. This change is due solely to advance payments to school boards for school capital. Operating expenditures remain at the original Budget estimate, as all in-year expenditure increases in high priority areas have been funded through a reallocation of resources.

At the end of nine months, \$373 million in expenditure savings and constraints have been secured. The balance of \$127 million required to reach the Budget target of \$500 million, plus the \$40 million to offset the in-year increase to fund emergency fire fighting, will be secured in the last quarter.

Major changes from the second quarter Ontario Finances include:

- Community and Social Services: a \$22 million increase due to higher social assistance caseloads under the Family Benefits Program.
- Education: this quarter an additional \$20 million was provided to fund an increase in the government's matching contribution to the Teachers' Superannuation Fund.
- Capital Account: advance payments of \$300 million are being provided to school boards for construction projects approved under the 1989 capital grants program, as part of the Government's three-year \$900 million education capital commitment. These up-front payments will assist school boards to address more quickly the need for new pupil places. Requirements for other capital projects decreased by \$24 million this quarter, due to construction delays and to a deferral in the delivery of railway cars for GO transit.
- Technology Fund: the estimate for the 1988-89 cash flow is reduced by a further \$15 million this quarter primarily due to start-up delays on projects approved under the Industry Research Program.

Expenditure

Table 2

		1988-89		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES				
	Agriculture and Food	518	481	(37)
	Attorney General	402	400	(2)
	Office Responsible for Native Affairs	5	3	(2)
	Citizenship	36	36	-
	Colleges and Universities	2,473	2,465	(8)
	Community and Social Services	4,243	4,249	6
	Consumer and Commercial Relations	152	145	(7)
	Correctional Services	423	418	(5)
	Culture and Communications	228	227	(1)
	Education	4,561	4,575	14
	Energy	34	31	(3)
	Environment	278	281	3
	Financial Institutions	36	38	2
	Government Services	453	451	(2)
	Office for Disabled Persons	5	5	-
	Office Responsible for Senior Citizens Affairs	7	5	(2)
	Health	12,435	12,427	(8)
	Housing	334	322	(12)
	Industry, Trade and Technology	146	143	(3)
	Intergovernmental Affairs	9	9	-
	Labour	126	119	(7)
	Office Responsible for Women's Issues	18	17	(1)
	Legislative and Executive Offices	12	12	-
	Management Board	40	39	(1)
	Capital Account	3,003	3,175 ¹	172
	Municipal Affairs	958	956	(2)
	Natural Resources	507	530	23
	Northern Development and Mines	116	110	(6)
	Revenue	830	818	(12)
	Skills Development	408	386	(22)
	Solicitor General	427	423	(4)
	Tourism and Recreation	142	139	(3)
	Transportation	681	673	(8)
	Treasury and Economics	29	28	(1)
	Economic Development Projects	33	31	(2)
	Technology Fund	100	59	(41)
	Public Debt Interest	4,080	4,028	(52)
	Board of Internal Economy	99	100	1
	Expenditure Savings and Constraints			
	Capital	(200)	(86)	114
	Operating	(300)	(81)	219
TOTAL BUDGETARY EXPENDITURE		37,887	38,187	300
NON-BUDGETARY TRANSACTIONS				
	Payments out of Trust Accounts (Table 3)	412	408	(4)
	Loans and Investments (Table 3)	121	109	(12)
TOTAL OUTFLOWS		38,420	38,704	284

¹ Includes capital advances of \$300 million to school boards

Non-budgetary transactions

Table 3

TRUST ACCOUNTS

1988-89

		Budget Plan	Current Outlook	In-Year Change
			(\$million)	
DEPOSITS	Public Service Superannuation Fund	878	878	—
	Superannuation Adjustment Fund	378	378	—
	Provincial Judges Benefits Fund	10	10	—
	OPP Supplementary Benefit Account	10	10	—
	Other Pensions	10	10	—
	Province of Ontario Savings Office	120	270	150
	Motor Vehicle Accident Claims Fund	11	11	—
	Other	12	12	—
	Deposits into Trust Accounts	1,429	1,579	150
PAYMENTS	Public Service Superannuation Fund	237	237	—
	Superannuation Adjustment Fund	153	153	—
	OPP Supplementary Benefit Account	6	6	—
	Provincial Judges Benefits Fund	2	2	—
	Other Pensions	3	3	—
	Motor Vehicle Accident Claims Fund	8	4	(4)
	Other	3	3	—
	Payments out of Trust Accounts	412	408	(4)
	Trust Accounts - Net Deposits	1,017	1,171	154

LOANS AND INVESTMENTS

REPAYMENTS	Ontario Development Corporations	45	45	—
	School Boards	40	40	—
	Environmental Projects	25	25	—
	Tile Drainage Debentures	23	23	—
	Public Hospitals	10	10	—
	Ontario Mortgage Corporation	2	2	—
	Other	30	46	16
	Repayments of Loans	175	191	16
LOANS AND INVESTMENTS	Capital Account			
	Development Loans	75	68	(7)
	Environmental Projects	23	23	—
	Tile Drainage Debentures	18	14	(4)
	Economic Development Projects	4	3	(1)
	Other	1	1	—
	Loans and Investments	121	109	(12)
	Loans and Investments - Net Repayments	54	82	28

Financing

Table 4

- Net cash requirements of \$271 million will be financed entirely from the Teachers' Superannuation Fund.

FINANCING PLAN	1988-89		
	Budget Plan	Current Outlook	In-Year Change
	(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	-	-
	Teachers' Superannuation Fund	1,675	1,620
	Retirements	(420)	(420)
		1,255	1,200
PUBLIC BORROWING	Bond Issues	-	-
	Retirements	(500)	(500)
		(500)	(500)
TOTAL FINANCING	Increase in Liquid Reserves	282	429
		473	271
			(202)

- Ontario's weekly Treasury bill auction remains unchanged, with the total amount outstanding at \$650 million.
- Liquid reserves will increase by \$147 million from the original Budget forecast.

Operating position

- OPERATING POSITION**
- The operating position reflects the Government's ability to pay for day-to-day operating needs from current revenue. The operating position is now forecast to contribute \$1,345 million towards funding of planned capital expenditure, an increase of \$363 million from the second quarter and \$306 million higher than the original forecast.

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Ontario Finances

Ministry of Treasury
and Economics

1989-90 First Quarter

Quarterly Update
June 30, 1989

DEFICIT

- The 1989 Budget remains on target. The deficit is forecast at \$573 million, or \$4 million lower than the Budget estimate.
- The actual results for 1988-89 indicate that the deficit was \$1,479 million or \$9 million below the interim results reflected in the 1989 Budget.

3 months
actual results
and 9 months
projected

Statement of Financial Transactions (\$million)	1988-89 Actual	1989-90		
		Budget Plan	Current Outlook	In-Year Change
Revenue	37,256	40,713	40,723	10
Expenditure	38,735	41,290	41,296	6
Deficit	1,479	577	573	(4)
Other Accounts (Net)	1,429	1,055	1,055	-
Net Cash Surplus (Requirements)	(50)	478	482	4

REVENUE

- Estimated revenue for 1989-90 is \$40,723 million, an increase of \$10 million, resulting from increases in estimated personal income tax revenue and interest on investments.
- The estimate for the Employer Health Tax has been revised downward to reflect the policy decision to allow small businesses to remit payments on a quarterly basis.

EXPENDITURE

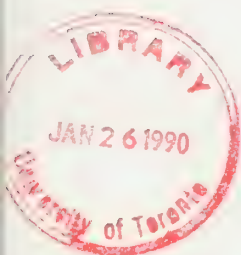
- The current expenditure forecast of \$41,296 million is \$6 million higher than the original Budget due to a net increase in estimated requirements for the Board of Internal Economy.

OTHER ACCOUNTS (NET) AND NET CASH SURPLUS

- Other accounts remain unchanged at \$1,055 million.
- Net cash surplus is forecast at \$482 million, \$4 million higher than the original estimate.

OPERATING POSITION

- The operating position is currently forecast to contribute \$2,663 million towards the funding of planned capital expenditure. This surplus will finance 82 per cent of the Province's capital expenditure from its current revenue.



Robert F. Nixon
Treasurer of Ontario

For further information contact
the Fiscal Planning Policy Branch
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Toronto M7A 1Y7
Telephone (416) 965-8490

Revenue

Table 1

		1989-90		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	12,636	12,681	45
	Retail Sales Tax	8,679	8,679	—
	Reciprocal Taxation	115	115	—
	Corporations Tax	4,827	4,827	—
	Employer Health Tax	549	489	(60)
	Mining Profits Tax	150	150	—
	Gasoline Tax	1,394	1,394	—
	Fuel Tax	345	345	—
	Tobacco Tax	646	646	—
	Land Transfer Tax	632	632	—
	Race Tracks Tax	83	83	—
	Public Utilities Income Tax	85	85	—
	Other Taxation	69	69	—
		30,210	30,195	(15)
OTHER REVENUE	OHIP Premiums	1,301	1,301	—
	LCBO Profits	608	608	—
	Vehicle/Driver Registration Fees	587	587	—
	LLBO Fees, Licences and Permits	450	450	—
	Other Fees and Licences	398	398	—
	Lottery Profits	500	500	—
	Interest on Investments	265	290	25
	Royalties	206	206	—
	Utility Service Charges	137	137	—
	Sales and Rentals	121	121	—
	Fines and Penalties	187	187	—
	Recoveries	26	26	—
	Reimbursements	136	136	—
	Miscellaneous	112	112	—
		5,034	5,059	25
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,676	2,676	—
	Extended Health Care Services	492	492	—
	Canada Assistance Plan	1,739	1,739	—
	National Training Act	116	116	—
	Bilingualism Development	56	56	—
	Young Offenders	78	78	—
	Vocational Rehabilitation	61	61	—
	Other	251	251	—
		5,469	5,469	—
TOTAL		40,713	40,723	10

¹ Net of Ontario Tax Credits.

Budget performance

REVENUE The forecast for revenue is \$40,723, an increase of \$10 million from the Budget Plan, and includes the following changes:

- The estimate for personal income tax (PIT) is increased by \$45 million in anticipation of an upward revision by the federal government to Ontario's PIT payments as a result of stronger than anticipated GDP and income growth in 1988 and the first quarter of 1989.
- This PIT increase is more than offset by a downward revision of \$60 million to the estimate for the Employer Health Tax. The decrease reflects the Government's decision to allow small businesses to remit payments on a quarterly basis.
- In non-taxation revenue sources, the estimate for interest on investments is increased by \$25 million to reflect a higher average level of liquid reserves for this fiscal year.
- The estimate for Established Programs Financing (EPF) remains unchanged as the decrease associated with the upward revision to PIT noted above has been offset by anticipated revisions to corporate taxable income inputs used to calculate EPF entitlements.

EXPENDITURE The current forecast of \$41,296 million is \$6 million above the original estimate.

- The major change to individual ministry forecasts is the \$13 million increase for the Board of Internal Economy. Responsibility for the upkeep and maintenance of the Legislative buildings, previously with the Ministry of Government Services, has been assumed by the Board. Of the funding required for this purpose, \$7 million has been transferred from the Ministry of Government Services, with the balance of \$6 million mainly representing additional requirements.
- The Ministry of Revenue forecast is increased by \$3 million to reflect the initial program development costs for the Employer Health Tax system.

Expenditure

Table 2

		1989-90		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	491	491	-
	Attorney General	500	500	-
	Office Responsible for Native Affairs	6	6	-
	Citizenship	42	42	-
	Colleges and Universities	2,636	2,636	-
	Community and Social Services	4,971	4,971	-
	Consumer and Commercial Relations	156	156	-
	Correctional Services	454	454	-
	Culture and Communications	267	267	-
	Education	4,900	4,900	-
	Energy	34	34	-
	Environment	307	307	-
	Financial Institutions	41	41	-
	Government Services	501	494	(7)
	Health	13,714	13,714	-
	Housing	408	408	-
	Industry, Trade and Technology	165	165	-
	Technology Fund	85	85	-
	Intergovernmental Affairs	9	9	-
	Labour	139	139	-
	Office Responsible for Women's Issues	18	18	-
	Legislative and Executive Offices	12	12	-
	Management Board	48	48	-
	Capital Account	3,336	3,336	-
	Municipal Affairs	957	957	-
	Natural Resources	512	512	-
	Northern Development and Mines	115	115	-
	Office for Disabled Persons	6	6	-
	Office Responsible for Senior Citizens Affairs	7	7	-
	Revenue	850	853	3
	Skills Development	433	433	-
	Solicitor General	453	453	-
	Tourism and Recreation	143	143	-
	Transportation	726	726	-
	Treasury and Economics	32	32	-
	Economic Development Projects	41	41	-
	Public Debt Interest	4,290	4,287	(3)
	Board of Internal Economy	98	111	13
	Advance Payments:			
	Municipal Affairs	(413)	(413)	-
	Expenditure Savings and Constraints	(200)	(200)	-
TOTAL		41,290	41,296	6

Other Accounts

Table 3

PENSION AND RELATED BENEFIT FUNDS

1989-90

Budget
Plan Current
Outlook In-Year
Change

(\$million)

DEPOSITS

Public Service Superannuation Fund	724	724	-
Superannuation Adjustment Fund	317	317	-
Provincial Judges Benefits Fund	11	11	-
OPP Supplementary Benefit Account	9	9	-
Other Pensions	9	9	-
Total Deposits	1,070	1,070	-

PAYMENTS

Public Service Superannuation Fund	191	191	-
Superannuation Adjustment Fund	128	128	-
OPP Supplementary Benefit Account	5	5	-
Provincial Judges Benefits Fund	2	2	-
Other Pensions	3	3	-
Total Payments	329	329	-
Net Deposits	741	741	-

LOANS, ADVANCES AND INVESTMENTS

REPAYMENTS

Ontario Development Corporations	42	42	-
School Boards	34	34	-
Environmental Projects	21	21	-
Tile Drainage Debentures	21	21	-
Public Hospitals	10	10	-
Ontario Mortgage Corporation	1	1	-
Other	25	25	-
Repayments of Loans	154	154	-

LOANS AND INVESTMENTS

Development Loans	83	83	-
Environmental Projects	46	46	-
Tile Drainage Debentures	14	14	-
Economic Development Projects	5	5	-
Other	1	1	-
Loans, Advances and Investments	149	149	-
Net Repayments	5	5	-

SPECIAL PURPOSE ACCOUNTS

Province of Ontario Savings Office	285	285	-
Other	24	24	-
Net Special Purpose Accounts	309	309	-

Financing

Table 4

- The net cash surplus is currently forecast at \$482 million, up \$4 million from the Budget Plan.

FINANCING PLAN		1989-90		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	—	—	—
	Teachers' Superannuation Fund	1,000	1,000	—
	Retirements	(454)	(454)	—
		546	546	
PUBLIC BORROWING	Treasury Bills/Debentures	—	—	—
	Retirements	(650)	(650)	—
		(650)	(650)	—
	Increase in Liquid Reserves	374	378	4
TOTAL FINANCING		478	482	4

- As indicated in the Budget, the Province will retire all of its Treasury Bills of \$650 million during the current fiscal year.

Operating position

OPERATING POSITION

- The operating position is currently forecast to contribute \$2,663 million towards the funding of planned capital expenditure. This is \$4 million higher than the original forecast of \$2,659 million. This operating surplus will finance 82 per cent of the Province's capital expenditure from current revenue.

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Ontario Finances

Ministry of Treasury
and Economics

1989-90 Second Quarter

Quarterly Update
September 30, 1989

- DEFICIT**
- The 1989 Budget remains on target. The deficit is forecast at \$570 million, \$7 million lower than the Budget estimate, and \$3 million below the level reported in the June 30 Ontario Finances.

6 months
actual results
and 6 months
projected

Statement of Financial Transactions (\$million)	1989-90		
	Budget Plan	Current Outlook	In-Year Change
Revenue	40,713	40,726	13
Expenditure	41,290	41,296	6
Deficit	577	570	(7)
Other Accounts (Net)	1,055	1,047	(8)
Net Cash Surplus	478	477	(1)

REVENUE

- Estimated revenue for 1989-90 is \$40,726 million, an increase of \$13 million from the Budget Plan and \$3 million above the level reported in the first quarter. The improvement reported this quarter results mainly from an increase in the estimate for interest on investments.
- The overall estimate for taxation revenue continues below the Budget level as a result of declines in corporations tax and mining profits tax revenues.
- In non-taxation revenue sources, the increase in interest on investments is partly offset by declines in fines and penalties. Payments from the federal government are also forecast at a lower level.

EXPENDITURE

- The current expenditure forecast of \$41,296 million is \$6 million higher than the original Budget and unchanged from the June 30 Ontario Finances.

OTHER ACCOUNTS (NET) AND

NET CASH SURPLUS

- Other accounts are now forecast at \$1,047 million, down \$8 million from the Budget Plan and the first quarter report.
- Net cash surplus is projected at \$477 million, \$1 million below the original estimate and \$5 million lower than in the first quarter report.

OPERATING POSITION

- The operating surplus, now projected at \$2,666 million, will finance 82 per cent of the Province's capital expenditure from its current revenue.

Revenue

Table 1

		1989-90		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	12,636	12,681	45
	Retail Sales Tax	8,679	8,679	—
	Reciprocal Taxation	115	115	—
	Corporations Tax	4,827	4,757	(70)
	Employer Health Tax	549	489	(60)
	Mining Profits Tax	150	140	(10)
	Gasoline Tax	1,394	1,394	—
	Fuel Tax	345	345	—
	Tobacco Tax	646	646	—
	Land Transfer Tax	632	632	—
	Race Tracks Tax	83	83	—
	Public Utilities Income Tax	85	85	—
	Other Taxation	69	69	—
		30,210	30,115	(95)
OTHER REVENUE	OHIP Premiums	1,301	1,301	—
	LCBO Profits	608	608	—
	Vehicle/Driver Registration Fees	587	587	—
	LLBO Fees, Licences and Permits	450	450	—
	Other Fees and Licences	398	398	—
	Lottery Profits	500	500	—
	Interest on Investments	265	400	135
	Royalties	206	206	—
	Utility Service Charges	137	137	—
	Sales and Rentals	121	121	—
	Fines and Penalties	187	167	(20)
	Recoveries	26	26	—
	Reimbursements	136	132	(4)
	Miscellaneous	112	127	15
		5,034	5,160	126
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,676	2,668	(8)
	Extended Health Care Services	492	492	—
	Canada Assistance Plan	1,739	1,739	—
	National Training Act	116	116	—
	Bilingualism Development	56	56	—
	Young Offenders	78	68	(10)
	Vocational Rehabilitation	61	61	—
	Other	251	251	—
		5,469	5,451	(18)
TOTAL		40,713	40,726	13

¹ Net of Ontario Tax Credits.

Budget performance

REVENUE

The current outlook for revenue is \$40,726 million, an increase of \$13 million from the Budget Plan and \$3 million above the first quarter report. Major changes this quarter include:

- The estimate for corporations tax has been reduced by \$70 million reflecting a reduction in the anticipated level of instalment and final payments and higher than expected refunds. This reduction also includes the impact, for this fiscal year, of the elimination of premiums tax payable for private-use vehicles as part of the Ontario Motorist Protection Plan (OMPP).
- Mining profits tax has been reduced by \$10 million as a result of an increase in refund payments and a decline in estimated profits in the resource industry.
- In non-taxation revenue sources, the estimate for interest on investments has been increased by \$110 million this quarter as a result of higher than anticipated levels of liquid reserves and continued higher interest rates.
- Non-taxation revenue increases were partly offset by a decline of \$20 million in fines and penalties resulting from delays in the implementation of increases and by a decline of \$4 million in reimbursements, reflecting the elimination, under the OMPP, of the requirement that auto insurers reimburse OHIP for medical expenses related to claims.
- The decrease of \$8 million in the estimate of Established Programs Financing reflects federal revisions to EPF entitlements. Payments under the Young Offenders Act have been reduced by \$10 million as a result of the federal government's decision to limit its contributions to 1988-89 levels.

EXPENDITURE

The current forecast for expenditure is \$41,296 million, \$6 million above the original Budget and unchanged from the June 30 Report. However, adjustments have been made to individual ministry budgets since the first quarter. Major changes include:

- Agriculture and Food - \$9 million in additional funding for crop insurance due to increased participation by farmers.
- Correctional Services - \$6 million more to fund additional payroll costs for correctional institutions.
- Capital Account - a \$40 million net reduction in capital expenditure due mainly to a \$30 million cash flow delay related to construction of capital facilities, including the Sudbury Mines and Minerals Laboratory.
- Natural Resources - an increase of \$20 million for fighting forest fires in Northern Ontario.
- Revenue - a reduction of \$5 million attributable to a decline in the number of eligible recipients in the Guaranteed Annual Income System (GAINS) program.
- Public Debt Interest - a \$31 million reduction due to reduced borrowing in public markets.
- Expenditure Savings and Constraints - \$40 million in expenditure savings in the Capital Account have been applied towards the Budget target of \$200 million.

Expenditure

Table 2

		1989-90		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	491	500	9
	Attorney General	500	500	-
	Office Responsible for Native Affairs	6	6	-
	Citizenship	42	42	-
	Colleges and Universities	2,636	2,636	-
	Community and Social Services	4,971	4,970	(1)
	Consumer and Commercial Relations	156	156	-
	Correctional Services	454	460	6
	Culture and Communications	267	267	-
	Education	4,900	4,900	-
	Energy	34	34	-
	Environment	307	307	-
	Financial Institutions	41	40	(1)
	Government Services	501	495	(6)
	Health	13,714	13,714	-
	Housing	408	408	-
	Industry, Trade and Technology	165	165	-
	Technology Fund	85	85	-
	Intergovernmental Affairs	9	9	-
	Labour	139	139	-
	Office Responsible for Women's Issues	18	18	-
	Legislative and Executive Offices	12	12	-
	Management Board	48	48	-
	Capital Account	3,336	3,296	(40)
	Municipal Affairs	957	957	-
	Natural Resources	512	532	20
	Northern Development and Mines	115	115	-
	Office for Disabled Persons	6	6	-
	Office Responsible for Senior Citizens Affairs	7	8	1
	Revenue	850	848	(2)
	Skills Development	433	433	-
	Solicitor General	453	453	-
	Tourism and Recreation	143	143	-
	Transportation	726	726	-
	Treasury and Economics	32	32	-
	Economic Development Projects	41	41	-
	Public Debt Interest	4,290	4,256	(34)
	Board of Internal Economy	98	112	14
	Advance Payment: Municipal Affairs	(413)	(413)	-
	Expenditure Savings and Constraints	(200)	(160)	40
TOTAL		41,290	41,296	6

Other Accounts

Table 3

PENSION AND RELATED BENEFIT FUNDS

1989-90

Budget
Plan Current
Outlook In-Year
Change

(\$million)

DEPOSITS

Public Service Superannuation Fund	724	724	-
Superannuation Adjustment Fund	317	317	-
Provincial Judges Benefits Fund	11	11	-
OPP Supplementary Benefit Account	9	9	-
Other Pensions	9	9	-
Total Deposits	1,070	1,070	-

PAYMENTS

Public Service Superannuation Fund	191	198	7
Superannuation Adjustment Fund	128	128	-
OPP Supplementary Benefit Account	5	5	-
Provincial Judges Benefits Fund	2	3	1
Other Pensions	3	3	-
Total Payments	329	337	8
Net Deposits	741	733	(8)

LOANS, ADVANCES AND INVESTMENTS

REPAYMENTS

Ontario Development Corporations	42	42	-
School Boards	34	34	-
Environmental Projects	21	21	-
Tile Drainage Debentures	21	21	-
Public Hospitals	10	10	-
Ontario Mortgage Corporation	1	1	-
Other	25	25	-
Repayments of Loans	154	154	-

LOANS AND INVESTMENTS

Development Loans	83	83	-
Environmental Projects	46	46	-
Tile Drainage Debentures	14	14	-
Economic Development Projects	5	5	-
Other	1	1	-
Loans, Advances and Investments	149	149	-
Net Repayments	5	5	-

SPECIAL PURPOSE ACCOUNTS

Province of Ontario Savings Office	285	285	-
Other	24	24	-
Net Special Purpose Accounts	309	309	-

Financing

Table 4

- The net cash surplus is currently forecast at \$477 million, down \$1 million from the Budget Plan.

FINANCING PLAN	1989-90		
	Budget Plan	Current Outlook	In-Year Change
	(\$million)		
NON-PUBLIC BORROWING	Canada Pension Plan	-	-
	Teachers' Superannuation Fund	1,000	-
	Retirements	(454)	-
		546	-
PUBLIC BORROWING	Treasury Bills/Debentures	-	-
	Retirements	(650)	-
		(650)	-
TOTAL FINANCING/ CASH SURPLUS	Increase in Liquid Reserves	374	(1)
		478	(1)

- The Province will have retired all of its Treasury Bills of \$650 million by the end of October 1989.

Operating position

- OPERATING POSITION**
- The operating position is currently forecast to contribute \$2,666 million or 82 per cent towards the funding of \$3,236 million of forecast capital expenditure in 1989-90.



Ontario Finances

Ministry of Treasury
and Economics

1990-91 First Quarter

Quarterly Update
June 30, 1990

SURPLUS

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- The 1990 surplus is now forecast at \$23 million, \$7 million below the original Budget Plan of \$30 million.
- The actual results for 1989-90 indicate a surplus of \$90 million, \$55 million above the interim results estimated in the 1990 Budget.

3 months
actual results
and 9 months
projected

Statement of Financial Transactions (\$million)	1989-90 Actual	1990-91		
		Budget Plan	Current Outlook	In-Year Change
Revenue	41,692	44,536	44,675	139
Expenditure	41,602	44,506	44,652	146
Surplus	90	30	23	(7)

REVENUE

- Estimated revenue for 1990-91 is \$44,675 million, an increase of \$139 million from Budget.
- Increases are reported for LCBO profits, reimbursements, and payments from the federal government.
- The estimate for land transfer tax revenue has been revised downward to reflect slower than expected activity in the housing market.

EXPENDITURE

- The current expenditure forecast, at \$44,652 million, is \$146 million higher than the original Budget, mainly due to an increase in the social assistance caseload.

OPERATING POSITION

- The operating surplus of \$3,141 million will fund 100 per cent of the planned capital expenditure of \$3,118 million.

FINANCING

- Liquid reserves will decrease by \$7 million more than originally expected, reflecting a similar decline in the projected surplus.



Robert Nixon
Treasurer of Ontario

For further information contact the Fiscal Planning Policy Branch
Frost Building South, Queen's Park Toronto M7A 1Y7
Telephone (416) 965-8490

This report is available in French.

Revenue

Table 1

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	14,510	14,510	—
	Retail Sales Tax	8,960	8,960	—
	Reciprocal Taxation	100	100	—
	Corporations Tax	4,842	4,842	—
	Employer Health Tax	2,614	2,614	—
	Mining Profits Tax	130	130	—
	Gasoline Tax	1,520	1,520	—
	Fuel Tax	372	372	—
	Tobacco Tax	866	866	—
	Land Transfer Tax	700	670	(30)
	Race Tracks Tax	87	87	—
	Public Utilities Income Tax	75	75	—
	Commercial Concentration Tax	123	123	—
	Other Taxation	7	7	—
		34,906	34,876	(30)
OTHER REVENUE	LCBO Profits	625	650	25
	Vehicle/Driver Registration Fees	687	687	—
	LLBO Fees, Licences and Permits	442	442	—
	Other Fees and Licences	498	498	—
	Lottery Profits	493	493	—
	Interest on Investments	596	596	—
	Royalties	205	205	—
	Utility Service Charges	133	133	—
	Sales and Rentals	141	141	—
	Fines and Penalties	200	200	—
	OHIP Premiums	7	7	—
	Recoveries	40	40	—
	Reimbursements	113	131	18
	Miscellaneous	77	77	—
		4,257	4,300	43
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,225	2,225	—
	Extended Health Care Services	498	498	—
	Canada Assistance Plan	2,040	2,130	90
	National Training Act	116	116	—
	Bilingualism Development	67	67	—
	Young Offenders	78	78	—
	Vocational Rehabilitation	48	48	—
	Other	301	337	36
		5,373	5,499	126
TOTAL		44,536	44,675	139

¹ Net of Ontario Tax Credits.

Budget performance

REVENUE

The current outlook for revenue is \$44,675 million, an increase of \$139 million above the original Budget forecast. Changes this quarter include:

- Continued strong sales performance has resulted in a \$25 million improvement in the estimate for LCBO profits. Delays in the passage of the Ontario Motorist Protection Plan legislation have increased reimbursements under the OHIP subrogation agreement by \$18 million.
- A \$90 million increase in Canada Assistance Plan (CAP) revenue reflects federal reimbursement since April 1, 1990 of claims in respect of 1989-90 Ontario spending. The projection continues to assume a five per cent federal limit on growth in the 1990-91 CAP entitlement relative to the 1989-90 entitlement.
- A \$36 million increase in other payments from the federal government reflects Ontario's delivery of federal funding to grain and oilseed producers under the \$500 million farm assistance program.
- These increases were partly offset by a decline of \$30 million in the estimate of land transfer tax revenue as a result of slower than anticipated activity in the housing market.

EXPENDITURE

The current expenditure forecast of \$44,652 million is \$146 million above the original estimate. Major changes since the Budget include:

- An increase of \$36 million for the Ministry of Agriculture and Food to provide for payments to grain and oilseed producers under the federal farm assistance program.
- The Attorney General's budget is reduced by \$4 million to reflect a transfer of funds to ministries. The cost of recently negotiated salary increases for lawyers is required to be paid for by user ministries. These funds, which were centrally held initially, have now been distributed.
- An increase in the caseload in the Family Benefit Assistance and General Welfare Assistance programs is estimated to require an additional \$101 million in the Ministry of Community and Social Services. An additional \$4 million is also required for the anti-drug programs for youth.
- The reduction of \$7 million in the Contingency Fund reflects a transfer of \$4 million to the Ministry of Community and Social Services for the youth anti-drug programs and \$3 million to the Ministry of Skills Development for the Ontario Traineeships Program and the School-Workplace Apprenticeship Program.
- The Capital account is reduced by \$6 million mainly because CPP funding will now be used to fund housing programs originally planned to be financed from the Consolidated Revenue Fund.
- The Office of the Assembly will require \$11 million more this year for repairs and maintenance to the Legislative buildings.

Expenditure

Table 2

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	534	570	36
	Attorney General	535	531	(4)
	Office Responsible for Native Affairs	6	6	-
	Citizenship	48	48	-
	Colleges and Universities	2,861	2,861	-
	Community and Social Services	5,761	5,866	105
	Office of Francophone Affairs	4	4	-
	Consumer and Commercial Relations	163	164	1
	Correctional Services	519	519	-
	Culture and Communications	275	275	-
	Education	5,456	5,457	1
	Energy	34	34	-
	Environment	370	370	-
	Executive Offices ¹	9	9	-
	Financial Institutions	59	57	(2)
	Government Services	452	456	4
	Health	15,063	15,063	-
	Housing	547	550	3
	Industry, Trade and Technology	175	175	-
	Technology Fund	85	85	-
	Intergovernmental Affairs	10	10	-
	Labour	154	154	-
	Management Board	61	61	-
	Contingency Fund	153	146	(7)
	Capital Account	3,634	3,628	(6)
	Municipal Affairs	1,006	1,006	-
	Natural Resources	528	529	1
	Northern Development and Mines	109	109	-
	Office for Disabled Persons	6	6	-
	Office Responsible for Senior Citizens Affairs	6	6	-
	Office Responsible for Women's Issues	19	19	-
	Revenue	879	879	-
	Skills Development	248	251	3
	Solicitor General	519	519	-
	Tourism and Recreation	147	147	-
	Transportation	763	763	-
	Treasury and Economics	32	32	-
	Economic Development Projects	37	37	-
	Public Debt Interest	4,310	4,310	-
	Board of Internal Economy	113	124	11
	Advance Payments:			
	Capital Account	(410)	(410)	-
	Education	(140)	(140)	-
	Health	(334)	(334)	-
	Expenditure Savings and Constraints	(300)	(300)	-
TOTAL		44,506	44,652	146

¹ Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

Loans and Investments

Table 3

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
REPAYMENTS	Development Corporations	42	42	-
	School Boards	27	27	-
	Environmental Projects	20	20	-
	Tile Drainage Debentures	21	21	-
	Other	31	31	-
		141	141	-
ISSUES	Development Loans	72	72	-
	Environmental Projects	71	71	-
	Tile Drainage Debentures	14	14	-
	Other	4	4	-
		161	161	-
Net Repayments (Issues)		(20)	(20)	-

Operating position

OPERATING POSITION

- The actual operating surplus for 1989-90 was \$3,482 million, up \$165 million from the interim results indicated in the 1990 Budget.
- The operating surplus for 1990-91 is currently forecast at \$3,141 million, down \$13 million from the original Plan.
- This surplus will fund 100 per cent of the Province's capital expenditure of \$3,118 million for 1990-91.

Financing

Table 4

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEBT ISSUES	Teachers' Pensions	-	-	-
	Public Service Pensions	-	-	-
		-	-	-
RETIREMENTS	Canada Pension Plan	(476)	(476)	-
	Teachers' Pensions	(173)	(173)	-
	Public Service Pensions	(30)	(30)	-
	Other	(9)	(9)	-
	Net Debt Issues (Retirements)	(688)	(688)	-
DEPOSITS	Province of Ontario Savings Office & Other Deposits (Net)	258	258	-
	Net Financing (Retirements)	(430)	(430)	-
LOANS	Loans and Investments - Net Repayments (Issues)	(20)	(20)	-
LIQUID RESERVES	Decrease (Increase) in Cash and Temporary Investments	420	427	7
CHANGE IN ACCUM. DEFICIT	Increase (Decrease) in Accumulated Deficit	(30)	(23)	7

- The decrease in liquid reserves is forecast at \$427 million, \$7 million more than originally anticipated.
- The reduction in the accumulated deficit is now projected at \$23 million.



Ontario Finances

Ministry of Treasury
and Economics

1990-91 Second Quarter

Quarterly Update
September 30, 1990

- DEFICIT**
- A deficit of \$2,472 million is currently forecast for 1990-91. This is \$2,495 million higher than the first quarter Ontario Finances.
 - The marked weakness in the economy in the second quarter accounts for most of the \$1,047 million reduction in the revenue forecast this quarter. The forecast for expenditure is \$1,448 million higher, mainly due to unfunded requirements.

6 months
actual results
and 6 months
projected

Statement of Financial Transactions (\$million)	1990-91			
	Budget Plan	Current Outlook	In-Year Change	Change from First Quarter
Revenue	44,536	43,628	(908)	(1,047)
Expenditure	44,506	46,100	1,594	1,448
Surplus (Deficit)	30	(2,472)	(2,502)	(2,495)

- REVENUE**
- Estimated revenue for 1990-91 is \$43,628 million, a decrease of \$908 million from the Budget Plan and \$1,047 million below the level reported in the first quarter. The deterioration reported this quarter results mainly from the impact of a weakening economy on taxation revenue sources.
 - Most of the decline results from lower receipts for retail sales, corporations and land transfer taxes.
 - These declines were moderated by increases in tobacco tax revenue, fees and licences and federal government payments.

- EXPENDITURE**
- The current expenditure forecast, at \$46,100 million, is \$1,448 million higher than the first quarter report.
 - Significant changes this quarter include:
 - increased funding for social assistance programs;
 - discharge of the Urban Transportation Development Corporation (UTDC) outstanding liability; and
 - unfunded expenditure requirements.

- OPERATING POSITION**
- The operating surplus is estimated at \$646 million, a decline of \$2,495 million from the first quarter.

- FINANCING**
- The deficit increase will be financed by a combination of borrowing and the use of liquid reserves.

Revenue

Table 1

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
			(\$million)	
TAXATION REVENUE	Personal Income Tax ¹	14,510	14,510	—
	Retail Sales Tax	8,960	8,438	(522)
	Reciprocal Taxation	100	100	—
	Corporations Tax	4,842	4,382	(460)
	Employer Health Tax	2,614	2,614	—
	Mining Profits Tax	130	97	(33)
	Gasoline Tax	1,520	1,495	(25)
	Fuel Tax	372	368	(4)
	Tobacco Tax	866	880	14
	Land Transfer Tax	700	570	(130)
	Race Tracks Tax	87	87	—
	Public Utilities Income Tax	75	75	—
	Commercial Concentration Tax	123	118	(5)
	Other Taxation	7	7	—
		34,906	33,741	(1,165)
OTHER REVENUE	LCBO Profits	625	650	25
	Vehicle/Driver Registration Fees	687	697	10
	LLBO Fees, Licences and Permits	442	452	10
	Other Fees and Licences	498	498	—
	Lottery Profits	493	475	(18)
	Interest on Investments	596	596	—
	Royalties	205	205	—
	Utility Service Charges	133	133	—
	Sales and Rentals	141	141	—
	Fines and Penalties	200	200	—
	Recoveries	40	40	—
	Reimbursements	113	118	5
	OHIP Premiums	7	7	—
	Miscellaneous	77	77	—
		4,257	4,289	32
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,225	2,225	—
	Extended Health Care Services	498	498	—
	Canada Assistance Plan	2,040	2,210	170
	National Training Act	116	116	—
	Bilingualism Development	67	67	—
	Young Offenders	78	78	—
	Vocational Rehabilitation	48	48	—
	Other	301	356	55
		5,373	5,598	225
TOTAL		44,536	43,628	(908)

¹ Net of Ontario Tax Credits.

Budget performance

REVENUE

The current outlook for revenue is \$43,628 million, a decrease of \$908 million from the Budget Plan and \$1,047 million below the first quarter report. Major changes this quarter include:

- The estimate for retail sales tax has been reduced by \$522 million mainly as a result of lower than anticipated sales of consumer durables. This reduction also includes \$70 million in foregone revenue this fiscal year as a result of the decision not to impose Ontario retail sales tax on top of the proposed federal goods and services tax.
- Corporations tax revenue has been reduced by \$460 million reflecting declining corporate profits, a reduction in the level of instalment and final payments, and higher than expected refunds. Mining profits tax has been reduced by \$33 million as a result of a decline in estimated profits in the resource industry.
- The housing market continues to exhibit weakness and the estimate for land transfer tax revenue has been reduced by a further \$100 million this quarter. Lower than anticipated consumption of gasoline and diesel fuels has reduced the estimate for gasoline and fuel taxes by \$25 million and \$4 million, respectively.
- These taxation decreases were partly offset by an increase in the estimate for tobacco tax of \$14 million as a result of a lower than anticipated drop in estimated tobacco consumption.
- In non-taxation revenue sources, increases of \$10 million are reported for both vehicle and driver registration fees, and LLBO fees and licences. Declining ticket sales have reduced the estimate for lottery profits by \$18 million.
- The increase of \$80 million this quarter in the estimate of Canada Assistance Plan payments mainly reflects federal reimbursement of claims in respect of 1989-90 Ontario and municipal spending.
- Other federal payments increased by a further \$19 million, reflecting Ontario's delivery of federal assistance to the horticultural sector and the fur farming industry.

EXPENDITURE

The current expenditure forecast of \$46,100 million is \$1,594 million above the original estimate and \$1,448 million higher than the June 30 forecast. Major changes this quarter include:

- An additional \$258 million for the Ministry of Community and Social Services to meet costs associated with increased social assistance caseloads.
- The Contingency Fund is increased by \$750 million to help refinance the Stadium Corporation, to provide for doctors' fee settlements and higher OHIP utilization and to accommodate other expenditure pressures.
- The Ministry of Transportation has been provided with \$400 million to discharge a bank loan in respect of the 1986 sale of UTDC. Under the sale agreement, the Province agreed to complete outstanding UTDC contracts and honour warranties in respect of those contracts.
- The Office of the Chief Election Officer will require an additional \$40 million to pay for the costs of the September 6 election.

Expenditure

Table 2

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	534	571	37
	Attorney General	535	531	(4)
	Office Responsible for Native Affairs	6	6	—
	Citizenship	48	48	—
	Colleges and Universities	2,861	2,861	—
	Community and Social Services	5,761	6,124	363
	Office of Francophone Affairs	4	4	—
	Consumer and Commercial Relations	163	163	—
	Correctional Services	519	519	—
	Culture and Communications	275	275	—
	Education	5,456	5,457	1
	Energy	34	34	—
	Environment	370	373	3
	Executive Offices ¹	9	9	—
	Financial Institutions	59	57	(2)
	Government Services	452	457	5
	Health	15,063	15,063	—
	Housing	547	550	3
	Industry, Trade and Technology	175	175	—
	Technology Fund	85	85	—
	Intergovernmental Affairs	10	10	—
	Labour	154	154	—
	Management Board	61	61	—
	Contingency Fund	153	896	743
	Capital Account	3,634	3,600	(34)
	Municipal Affairs	1,006	1,004	(2)
	Natural Resources	528	528	—
	Northern Development and Mines	109	109	—
	Office for Disabled Persons	6	6	—
	Office Responsible for Senior Citizens Affairs	6	6	—
	Office Responsible for Women's Issues	19	19	—
	Revenue	879	879	—
	Skills Development	248	251	3
	Solicitor General	519	519	—
	Tourism and Recreation	147	147	—
	Transportation	763	763	—
	UTDC Guarantee	—	400	400
	Treasury and Economics	32	32	—
	Economic Development Projects	37	36	(1)
	Public Debt Interest	4,310	4,310	—
	Board of Internal Economy ²	113	164	51
	Advance Payments:			
	Capital Account	(410)	(410)	—
	Education	(140)	(140)	—
	Health	(334)	(334)	—
	Expenditure Savings and Constraints	(300)	(272)	28
TOTAL		44,506	46,100	1,594

¹ Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

² Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

Loans and Investments

Table 3

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
REPAYMENTS	Development Corporations	42	42	—
	School Boards	27	27	—
	Environmental Projects	20	20	—
	Tile Drainage Debentures	21	21	—
	Other	31	31	—
		141	141	—
ISSUES	Development Loans	72	67	(5)
	Environmental Projects	71	71	—
	Tile Drainage Debentures	14	14	—
	Other	4	4	—
		161	156	(5)
Net Repayments (Issues)		(20)	(15)	5

Operating position

OPERATING POSITION

- The operating surplus for 1990-91 is currently forecast at \$646 million, down \$2,495 million from the June 30 report.
- This surplus will fund 21 per cent of the Province's capital expenditure of \$3,118 million for 1990-91 instead of the 100 per cent coverage projected in the Budget.

Financing

Table 4

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEBT ISSUES	Public and Other	–	1,500	1,500
RETIREMENTS	Canada Pension Plan	(476)	(476)	–
	Teachers' Pensions	(173)	(173)	–
	Public Service Pensions	(30)	(30)	–
	Other	(9)	(9)	–
	Net Debt Issues (Retirements)	(688)	812	1,500
DEPOSITS	Province of Ontario Savings Office & Other Deposits (Net)	258	247	(11)
	Net Financing (Retirements)	(430)	1,059	1,489
LOANS	Loans and Investments - Net Repayments (Issues)	(20)	(15)	5
CASH AND TEMPORARY INVESTMENTS	Decrease (Increase) in Cash and Temporary Investments	420	1,428	1,008
CHANGE IN ACCUM. DEFICIT	Increase (Decrease) in Accumulated Deficit	(30)	2,472	2,502

- The decrease in cash and temporary investments is forecast at \$1,428 million, \$1,008 million more than originally anticipated.

Ontario Finances

Ministry of Treasury
and Economics

1990-91 Third Quarter

Quarterly Update
December 31, 1990

- DEFICIT**
- A deficit of \$2,479 million is forecast for 1990-91. This is \$7 million higher than the level reported in the second quarter Ontario Finances.

9 months
actual results
and 3 months
projected

Statement of Financial Transactions (\$million)	1990-91			Change from Second Quarter
	Budget Plan	Current Outlook	In-Year Change	
Revenue	44,536	43,863	(673)	235
Expenditure	44,506	46,342	1,836	242
Surplus (Deficit)	30	(2,479)	(2,509)	(7)

REVENUE

- Estimated revenue for 1990-91 is \$43,863 million, a decrease of \$673 million from the Budget Plan, and \$235 million above the level reported in the second quarter report. The improvement in this quarter results mainly from an increase in personal income tax and Canada Assistance Plan payments.
- The increase was largely offset by declines in retail sales and corporations tax revenue, as well as revenue from gasoline and land transfer taxes. The decline in Established Programs Financing is mainly related to increased personal income tax revenue.
- Declines are also reported for interest on investments, royalties and sales and rentals.

EXPENDITURE

- The expenditure forecast, at \$46,342 million, is \$242 million higher than the second quarter forecast.
- Major changes this quarter include:
 - increased funding for additional social assistance caseloads;
 - additional funding for hospitals and the Ontario Drug Benefit program;
 - provision for anti-recessionary capital projects;
 - higher borrowing costs related to the larger than anticipated deficit;
 - additional costs related to the September 6 election; and
 - savings and constraints of \$86 million which have been secured towards the \$300 million target included in the Budget.

OPERATING POSITION

- The operating surplus is forecast at \$669 million, an increase of \$23 million from the second quarter.

FINANCING

- \$1 billion has been borrowed through Canadian public market issues. Given the current market volatility, the plan is to maintain maximum financing flexibility.



Revenue

Table 1

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
TAXATION REVENUE	Personal Income Tax ¹	14,510	15,447	937
	Retail Sales Tax	8,960	8,288	(672)
	Reciprocal Taxation	100	112	12
	Corporations Tax	4,842	4,067	(775)
	Employer Health Tax	2,614	2,614	—
	Mining Profits Tax	130	97	(33)
	Gasoline Tax	1,520	1,418	(102)
	Fuel Tax	372	353	(19)
	Tobacco Tax	866	880	14
	Land Transfer Tax	700	460	(240)
	Race Tracks Tax	87	87	—
	Public Utilities Income Tax	75	75	—
	Commercial Concentration Tax	123	118	(5)
	Other Taxation	7	7	—
		34,906	34,023	(883)
OTHER REVENUE	LCBO Profits	625	650	25
	Vehicle/Driver Registration Fees	687	697	10
	LLBO Fees, Licences and Permits	442	452	10
	Other Fees and Licences	498	498	—
	Lottery Profits	493	475	(18)
	Interest on Investments	596	586	(10)
	Royalties	205	193	(12)
	Utility Service Charges	133	133	—
	Sales and Rentals	141	126	(15)
	Fines and Penalties	200	200	—
	Recoveries	40	40	—
	Reimbursements	113	118	5
	OHIP Premiums	7	7	—
	Miscellaneous	77	77	—
		4,257	4,252	(5)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,225	2,110	(115)
	Extended Health Care Services	498	498	—
	Canada Assistance Plan	2,040	2,315	275
	National Training Act	116	116	—
	Bilingualism Development	67	67	—
	Young Offenders	78	78	—
	Vocational Rehabilitation	48	48	—
	Other	301	356	55
		5,373	5,588	215
TOTAL		44,536	43,863	(673)

¹ Net of Ontario Tax Credits.

Budget performance

REVENUE

The current outlook for revenue is \$43,863 million, a decrease of \$673 million from the Budget Plan, and \$235 million above the level reported in the second quarter report. Major changes this quarter include:

- The estimate for personal income tax payments has been revised upwards by \$937 million following notification from the federal government that Ontario's entitlements have been understated in respect of current and prior tax years. The \$115 million decrease in federal payments for Established Programs Financing reflects the upward revision in PIT revenues as well as federal revisions to GNP and population data.
- Retail sales tax revenue continues to exhibit weakness and has been further reduced by \$150 million to \$672 million below the Budget Plan.
- Corporations tax has been further reduced by \$315 million to \$775 million below the Budget Plan. The decrease reflects a continued decline in corporate profits and the level of installment and final payments.
- The outlook for gasoline and fuel tax revenue has declined \$92 million from the second quarter as a result of lower than expected levels of consumption due to rising oil prices and slower economic activity.
- Land transfer tax has been reduced by \$110 million from second quarter as a result of lower than anticipated sales and prices.
- Reciprocal taxation revenues, which represent Ontario sales tax applicable on federal government purchases of goods and services, increased by \$12 million.
- In non-taxation revenue sources, revenue from interest on investments declined \$10 million due to a lower average level of liquid reserves. Revenue from sales and rentals has declined \$15 million as a result of a decrease in the level of government property sales.
- Revenue from royalties declined \$12 million due to a decrease in revenue from crown charges and crown dues relating to timber production.
- The estimate for Canada Assistance Plan payments has been increased further by \$105 million to \$275 million above the Budget, reflecting higher levels of Provincial spending on cost-shareable social assistance programs and payments in respect of prior years.

EXPENDITURE

The current expenditure forecast of \$46,342 million is \$1,836 million above the original estimate, and \$242 million higher than the September 30 forecast. Major changes this quarter include:

- An additional \$11 million for the Board of Internal Economy to pay for salary revisions and the residual costs of the September 6 election.
- The forecast for the Ministry of Community and Social Services is increased by \$191 million, of which \$170 million is required to fund higher social assistance caseloads and improved benefit levels as of January 1, 1991.
- The reduction of \$354 million in the Contingency Fund since the second quarter includes a transfer of \$177 million to the Ministry of Health primarily for increased hospital operating costs and higher utilization of the Ontario Drug Benefit Plan. In addition, \$48 million for pay equity and \$17 million to clear up the court case backlog were transferred to Ministry budgets. The balance of \$112 million was used to accommodate other expenditure pressures.
- The \$41 million increase for the Ministry of Natural Resources includes \$20 million for forest fire fighting and \$8 million to settle the Manitoulin Island Land Claim.
- Owing to the larger than anticipated deficit, the Government has incurred \$40 million in additional borrowing costs.
- \$34 million is provided this fiscal year for the anti-recessionary capital program. Projects will be undertaken by the ministries of Natural Resources, Transportation, Colleges and Universities and Tourism and Recreation.
- Of the \$300 million savings and constraints targeted in the Budget, \$86 million has been secured this quarter, or \$114 million to date. The balance of \$186 million will be found by year end.

Expenditure

Table 2

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
MINISTRIES	Agriculture and Food	534	584	50
	Attorney General	535	547	12
	Board of Internal Economy ¹	113	175	62
	Citizenship	48	48	—
	Colleges and Universities	2,861	2,856	(5)
	Community and Social Services	5,761	6,315	554
	Consumer and Commercial Relations	163	169	6
	Correctional Services	519	538	19
	Culture and Communications	275	279	4
	Disabled Persons, Office for	6	6	—
	Education	5,456	5,465	9
	Energy	34	34	—
	Environment	370	376	6
	Executive Offices ²	9	10	1
	Financial Institutions	59	57	(2)
	Francophone Affairs, Office of	4	4	—
	Government Services	452	456	4
	Health	15,063	15,199	136
	Housing	547	551	4
	Industry, Trade and Technology	175	175	—
	Technology Fund	85	85	—
	Intergovernmental Affairs	10	10	—
	Labour	154	169	15
	Management Board	61	62	1
	Contingency Fund	153	542	389
	Capital Account	3,634	3,600	(34)
	Municipal Affairs	1,006	1,003	(3)
	Native Affairs, Office Responsible for	6	7	1
	Natural Resources	528	569	41
	Northern Development and Mines	109	110	1
	Revenue	879	876	(3)
	Senior Citizens Affairs, Office Responsible for	6	6	—
	Skills Development	248	251	3
	Solicitor General	519	522	3
	Tourism and Recreation	147	150	3
	Transportation	763	766	3
	UTDC Guarantee	—	400	400
	Treasury and Economics	32	35	3
	Economic Development Projects	37	36	(1)
	Public Debt Interest	4,310	4,350	40
	Women's Issues, Office Responsible for	19	19	—
	Advance Payments:			
	Capital Account	(410)	(410)	—
	Education	(140)	(140)	—
	Health	(334)	(334)	—
	Expenditure Savings and Constraints	(300)	(186)	114
TOTAL		44,506	46,342	1,836

¹ Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

² Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

Loans and Investments

Table 3

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
REPAYMENTS	Development Corporations	42	42	—
	School Boards	27	27	—
	Environmental Projects	20	20	—
	Tile Drainage Debentures	21	21	—
	Other	31	31	—
		141	141	—
ISSUES	Development Loans	72	58	(14)
	Environmental Projects	71	71	—
	Tile Drainage Debentures	14	14	—
	Other	4	1	(3)
		161	144	(17)
Net Repayments (Issues)		(20)	(3)	17

Operating position

OPERATING POSITION

- Ontario's operating position is the difference between revenue and expenditure, excluding capital expenditure. The operating position reflects the degree to which the Government pays for its day-to-day operating needs from its current revenue.
- The operating surplus is now forecast at \$669 million, up \$23 million from the level reported on September 30.
- This surplus will fund 21 per cent of the Province's capital expenditure of \$3,148 million. The Budget anticipated coverage of 100 per cent.

Financing

Table 4

		1990-91		
		Budget Plan	Current Outlook	In-Year Change
		(\$million)		
DEBT ISSUES	Public and Other	-	3,000	3,000
RETIREMENTS	Canada Pension Plan	(476)	(476)	-
	Teachers' Pensions	(173)	(173)	-
	Public Service Pensions	(30)	(30)	-
	Other	(9)	(9)	-
	Net Debt Issues (Retirements)	(688)	2,312	3,000
DEPOSITS	Province of Ontario Savings Office & Other Deposits (Net)	258	167	(91)
	Net Financing (Retirements)	(430)	2,479	2,909
LOANS	Loans and Investments - Net Repayments (Issues)	(20)	(3)	17
CASH AND TEMPORARY INVESTMENTS	Decrease (Increase) in Cash and Temporary Investments	420	3	(417)
CHANGE IN ACCUM. DEFICIT	Increase (Decrease) in Accumulated Deficit	(30)	2,479	2,509

- To date, \$1 billion has been borrowed through two \$500 million Canadian market public debt issues.
- Given the current market volatility, the plan is to maintain maximum financing flexibility.

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ONTARIO FINANCES

Ministry of Treasury
and Economics

1991-92 First Quarter

Quarterly Update
June 30, 1991

- CONSOLIDATED DEFICIT**
- The 1991 Budget remains on target. The consolidated deficit for this fiscal year is now forecast at \$9,721 million, or \$5 million lower than the Budget estimate.
 - Unaudited actual results for last year indicate that the deficit was \$3,029 million or \$16 million below the interim results reflected in the 1991 Budget.

3 months
actual results
and 9 months
projected

Statement of Financial Transactions (\$millions)	1991-92			
	1990-91 Actual	Budget Plan	Current Outlook	In-Year Change
Operating Fund				
Revenue	43,429	43,035	43,056	21
Expenditure	<u>43,237</u>	<u>48,471</u>	<u>48,485</u>	<u>14</u>
Deficit	192	(5,436)	(5,429)	7
Capital Fund				
Expenditure	<u>3,221</u>	<u>4,290</u>	<u>4,292</u>	<u>2</u>
Deficit	(3,221)	(4,290)	(4,292)	(2)
Consolidated Budget				
Revenue	43,429	43,035	43,056	21
Expenditure	<u>46,458</u>	<u>52,761</u>	<u>52,777</u>	<u>16</u>
Deficit	(3,029)	(9,726)	(9,721)	5

- OPERATING REVENUE**
- Estimated revenue for 1991-92 is \$43,056 million, an increase of \$21 million from Budget.
 - Increases reported this quarter reflect payments from the federal government in respect of prior year entitlements.
 - The decrease in revenue from the policy change to the Tax for Fuel Conservation has been offset by stronger overall Retail Sales Tax revenue.

- OPERATING EXPENDITURE**
- The expenditure forecast, at \$48,485 million, is \$14 million higher than the Budget Plan. This increase is mainly to meet the requirements of the Office of the Assembly.

- OPERATING DEFICIT**
- The operating deficit is currently forecast at \$5,429 million, or \$7 million lower than the Budget Plan due to increased revenues of \$21 million partially offset by increased expenditures of \$14 million.

Operating Revenue

Table 1

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
			(\$millions)	
TAXATION REVENUE	Personal Income Tax ¹	15,975	15,975	—
	Retail Sales Tax	7,960	7,960	—
	Reciprocal Taxation	2	2	—
	Corporations Tax	3,170	3,170	—
	Employer Health Tax	2,665	2,665	—
	Mining Profits Tax	130	130	—
	Gasoline Tax	1,600	1,600	—
	Fuel Tax	370	370	—
	Tobacco Tax	1,040	1,040	—
	Land Transfer Tax	450	450	—
	Race Tracks Tax	85	85	—
	Public Utilities Income Tax	35	35	—
	Commercial Concentration Tax	110	110	—
	Other Taxation	5	13	8
		33,597	33,605	8
OTHER REVENUE	LCBO Profits	665	665	—
	Vehicle/Driver Registration Fees	680	680	—
	LLBO Fees, Licences and Permits	497	497	—
	Other Fees and Licences	495	495	—
	Lottery Profits	440	440	—
	Interest on Investments	460	460	—
	Royalties	205	205	—
	Utility Service Charges	145	145	—
	Sales and Rentals	120	120	—
	Fines and Penalties	180	180	—
	Recoveries	32	32	—
	Reimbursements	107	107	—
	Miscellaneous	75	75	—
		4,101	4,101	—
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,202	2,202	—
	Extended Health Care Services	512	512	—
	Canada Assistance Plan	1,984	1,984	—
	National Training Act	116	116	—
	Bilingualism Development	66	66	—
	Young Offenders	68	68	—
	Vocational Rehabilitation	57	61	4
	Other	332	341	9
		5,337	5,350	13
TOTAL		43,035	43,056	21

1 Net Of Ontario Tax Credits.

Operating Performance

OPERATING REVENUE

The current outlook for revenue is \$43,056 million, an increase of \$21 million from the original Budget forecast. Changes this quarter include:

- Taxation revenue is forecast to be \$8 million higher than Budget. This results from a larger than expected federal payment in respect of the Preferred Share Dividend Tax.
- Changes to the Tax for Fuel Conservation, announced on June 24, 1991, will reduce the Province's Retail Sales Tax (RST) receipts by \$5 million in 1991-92. However, stronger than forecast growth in total RST revenues will offset this reduction, leaving the RST outlook unchanged.
- Federal government payments are forecast to be \$13 million higher than Budget. This results from federal payments of \$4 million for Vocational Rehabilitation, and \$9 million for the Innovation Program-Patent Act. Both of these payments were in respect of the 1990-91 fiscal year.

OPERATING EXPENDITURE

The current operating expenditure forecast of \$48,485 million is \$14 million above the Budget estimate. Expenditure changes for the quarter ended June 30, 1991 are:

- The Board of Internal Economy required \$17 million, mainly to meet the requirements of the Office of the Assembly.
- \$2 million in program savings in the Ministries of Citizenship and Housing and \$1 million from the Contingency Fund were used mainly to accommodate increased capital spending through the Capital Fund.

Operating Expenditure

Table 2

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$millions)		
MINISTRIES	Agriculture and Food	576	576	—
	Attorney General	628	628	—
	Board of Internal Economy ¹	131	148	17
	Citizenship	58	57	(1)
	Colleges and Universities	3,062	3,062	—
	Community and Social Services	8,142	8,142	—
	Consumer and Commercial Relations	187	187	—
	Correctional Services	581	581	—
	Culture and Communications	301	301	—
	Disability Issues, Office for	6	6	—
	Education	6,033	6,033	—
	Energy	44	44	—
	Environment	434	434	—
	Executive Offices ²	17	17	—
	Financial Institutions	60	60	—
	Francophone Affairs, Office of	4	4	—
	Government Services	518	518	—
	Greater Toronto Area, Office for the	3	3	—
	Health	16,763	16,763	—
	Housing	764	763	(1)
	Industry, Trade and Technology	192	192	—
	Technology Fund	81	81	—
	Intergovernmental Affairs	8	8	—
	Labour	363	363	—
	Management Board	83	83	—
	Contingency Fund	195	194	(1)
	Municipal Affairs	1,057	1,057	—
	Native Affairs Secretariat	23	23	—
	Natural Resources	589	589	—
	Northern Development and Mines	108	108	—
	Revenue	897	897	—
	Seniors' Issues, Office for	6	6	—
	Skills Development	265	265	—
	Solicitor General	582	582	—
	Tourism and Recreation	153	153	—
	Transportation	849	849	—
	Treasury and Economics	45	45	—
	Economic Development Projects	39	39	—
	Public Debt Interest	4,995	4,995	—
	Women's Issues, Office Responsible for	25	25	—
	Advance Payments:			
	Education	(196)	(196)	—
	Expenditure Savings and Constraints	(200)	(200)	—
TOTAL		48,471	48,485	14

1 Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

2 Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

Capital Expenditure

Table 3

		1991-92		
		Budget Plan	Current Outlook (\$millions)	In-Year Change
MINISTRIES	Agriculture and Food	21	21	-
	Attorney General	12	12	-
	Citizenship	10	10	-
	Colleges and Universities	199	199	-
	Community and Social Services	122	122	-
	Correctional Services	8	8	-
	Culture and Communications	32	32	-
	Disability Issues, Office for	3	3	-
	Education	419	419	-
	Energy	23	23	-
	Environment	266	266	-
	Government Services	322	322	-
	Health	250	250	-
	Housing	133	134	1
	Industry, Trade and Technology	32	32	-
	Municipal Affairs	36	37	1
	Native Affairs Secretariat	21	21	-
	Natural Resources	90	90	-
	Northern Development and Mines	261	261	-
	Seniors' Issues, Office for	3	3	-
	Solicitor General	28	28	-
	Tourism and Recreation	69	69	-
	Transportation	2,018	2,018	-
	Treasury and Economics			
	Economic Development Projects	12	12	-
	Expenditure Savings and Constraints	(100)	(100)	-
TOTAL		4,290	4,292	2

Capital expenditures, at \$4,292 million, are \$2 million higher than the Budget forecast:

- The Ministry of Housing needs an additional \$1 million as part of the program to develop 10,000 non-profit social housing units.
- The Ministry of Municipal Affairs requires an additional \$1 million to provide assistance to municipalities for the Program for Renewal, Improvement, Development and Economic Revitalization (PRIDE).

Financing

Table 4

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$millions)		
REQUIREMENTS	Operating Deficit	(5,436)	(5,429)	7
	Capital Deficit	<u>(4,290)</u>	<u>(4,292)</u>	<u>(2)</u>
	Consolidated Deficit	(9,726)	(9,721)	5
FINANCING	Debt Issues	9,804	9,804	-
	Retirements:			
	Canada Pension Plan	(498)	(498)	-
	Teachers' Pensions	(44)	(44)	-
	Public Service Pensions	(87)	(87)	-
	Other	<u>(10)</u>	<u>(10)</u>	<u>-</u>
		(639)	(639)	-
	Net Debt Issues	9,165	9,165	-
	Province of Ontario Savings Office and Other Deposits (Net)	<u>270</u>	<u>270</u>	<u>-</u>
	Net Financing	9,435	9,435	-
LOANS	Net Loan Repayments (Issues)	(59)	(59)	-
CASH	Decrease in Cash	<u>350</u>	<u>345</u>	<u>(5)</u>
ACCUMULATED DEFICIT	Increase in Accumulated Deficit	9,726	9,721	(5)

- Debt issues undertaken from the beginning of this fiscal year to June 30, totalled \$4,362 million: \$2,575 million in bonds and notes in public capital markets; \$987 million in debentures to Canada Pension Plan; and an \$800 million increase in Treasury Bills.



Ontario

ONTARIO FINANCES

Ministry of Treasury
and Economics

1991-92 Second Quarter

Quarterly Update
September 30, 1991

CONSOLIDATED DEFICIT

- The consolidated deficit, at \$9,740 million, is \$19 million above first quarter Ontario Finances due to decreased revenues. Priority in-year expenditure pressures of \$600 million have been accommodated within the overall deficit forecast by redirecting funds.

6 months
actual results
and 6 months
projected

Statement of Financial Transactions (\$millions)	1991-92			Change from First Quarter
	Budget Plan	Current Outlook	In-Year Change	
Operating Fund				
Revenue	43,035	43,037	2	(19)
Expenditure	48,471	48,645	174	160
Deficit	(5,436)	(5,608)	(172)	(179)
Capital Fund				
Expenditure	4,290	4,132	(158)	(160)
Deficit	(4,290)	(4,132)	158	160
Consolidated Budget				
Revenue	43,035	43,037	2	(19)
Expenditure	52,761	52,777	16	-
Deficit	(9,726)	(9,740)	(14)	(19)

OPERATING REVENUE

- Estimated revenue for 1991-92 is \$43,037 million, an increase of \$2 million from the Budget Plan, but \$19 million below the first quarter Ontario Finances.
- The decline in revenues results primarily from lower corporations and mining profits taxes and a shortfall in vehicle and driver registration fees.
- Most of this decline is offset by increases in Tobacco and Land Transfer Tax receipts and Interest on Investments.

OPERATING EXPENDITURE

- The operating expenditure forecast, at \$48,645 million, is up \$160 million from the first quarter and \$174 million (0.4 per cent) from the original Budget Plan.
- The \$160 million net change since last quarter includes:
 - \$600 million in pressures, including \$240 million for additional social assistance caseloads, \$215 million for increased pension costs for Ontario teachers and \$53 million for extra fire fighting in Northern Ontario, offset by:
 - \$440 million in reductions under the Mid-Year Spending Adjustment Plan. This includes a \$140 million reduction in ministry administrative budgets and \$135 million in savings due to delays in the passage of legislation.

CAPITAL FUND

- Capital expenditures are forecast at \$4,132 million, down \$160 million from first quarter and \$158 million from the Budget Plan. The reduction in Capital Fund expenditures is part of the Mid-Year Spending Adjustment Plan and is primarily due to delays in capital projects.

Operating Revenue

Table 1

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$millions)		
TAXATION REVENUE	Personal Income Tax ¹	15,975	15,975	—
	Retail Sales Tax	7,960	7,960	—
	Reciprocal Taxation	2	2	—
	Corporations Tax	3,170	3,100	(70)
	Employer Health Tax	2,665	2,665	—
	Mining Profits Tax	130	120	(10)
	Gasoline Tax	1,600	1,600	—
	Fuel Tax	370	370	—
	Tobacco Tax	1,040	1,070	30
	Land Transfer Tax	450	475	25
	Race Tracks Tax	85	85	—
	Public Utilities Income Tax	35	35	—
	Commercial Concentration Tax	110	110	—
	Other Taxation	5	13	8
		33,597	33,580	(17)
OTHER REVENUE	LCBO Profits	665	665	—
	Vehicle/Driver Registration Fees	680	670	(10)
	LLBO Fees, Licences and Permits	497	497	—
	Other Fees and Licences	495	495	—
	Lottery Profits	440	440	—
	Interest on Investments	460	485	25
	Royalties	205	205	—
	Utility Service Charges	145	145	—
	Sales and Rentals	120	120	—
	Fines and Penalties	180	180	—
	Recoveries	32	32	—
	Reimbursements	107	107	—
	Miscellaneous	75	75	—
		4,101	4,116	15
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,202	2,202	—
	Extended Health Care Services	512	512	—
	Canada Assistance Plan	1,984	1,984	—
	National Training Act	116	116	—
	Bilingualism Development	66	66	—
	Young Offenders	68	68	—
	Vocational Rehabilitation	57	61	4
	Other	332	332	—
		5,337	5,341	4
TOTAL		43,035	43,037	2

¹ Net Of Ontario Tax Credits.

Operating Performance

OPERATING REVENUE

The current outlook for revenue is \$43,037 million, an increase of \$2 million from Budget Plan, but \$19 million below first quarter Ontario Finances. Changes this quarter include:

- Corporations tax revenue has been reduced by \$70 million reflecting declines in corporate profits and higher than expected refunds. Mining profits tax has been reduced by \$10 million as a result of declining resource industry profits and rising refunds.
- Tobacco Tax revenues have been increased by \$30 million, reflecting less of a decline in consumption than anticipated.
- Land Transfer Tax revenues are forecast to be \$25 million above Budget. This reflects an increase in the number of transactions valued between \$55,000 and \$250,000.
- Interest on investments is expected to be \$25 million higher as the average level of liquid reserves has been higher than originally forecast. Vehicle and Driver Registration fees are down \$10 million from forecast.

OPERATING EXPENDITURE

The current forecast is \$48,645 million. Included are in-year expenditure increases of \$600 million to fund urgent pressures. Also included are reductions of \$440 million in program spending for a net increase of \$160 million from first quarter. Changes include:

- Community and Social Services: an additional \$240 million to meet increases in social assistance caseloads that are about 5 per cent higher than anticipated in the 1991 Budget.
- Education: an increase of \$215 million to meet the unfunded liability obligation to the Teachers' Pension Plan, less \$50 million in savings due to delayed school board take up of funding for specific purposes such as expanded kindergarten programs.
- Labour: deferral of \$85 million in the Wage Protection Fund due to delays in the passage of legislation.
- Natural Resources: an additional \$53 million to combat severe forest fires.
- Government Services: an increase of \$21 million to meet the government's obligations to the Public Service Pension Plan.
- Contingency Fund: the reduction of \$26 million includes deferral of \$50 million due to delays in the passage of legislation on proportional value pay equity relating to the Broader Public Sector and the provision of \$36 million to fund several pressures including the Human Rights Commission backlog.
- Agriculture and Food: increases of \$35 million to assist farmers affected by low crop prices. Included are \$11 million more for interest rate assistance and \$15 million to reimburse grain/oilseed producers for premiums to the Income Stabilization Program.
- Public Debt Interest: savings of \$35 million due to effective borrowing strategies.
- Government wide: an average 5 per cent reduction in the direct operating expenditure budgets of ministries will provide savings of \$100 million; a reduction in ministries salary budgets of about 1 per cent will also generate savings of \$40 million.

Operating Expenditure

Table 2

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$millions)		
MINISTRIES	Agriculture and Food	576	605	29
	Attorney General	628	612	(16)
	Board of Internal Economy ¹	131	148	17
	Citizenship	58	56	(2)
	Colleges and Universities	3,062	3,045	(17)
	Community and Social Services	8,142	8,361	219
	Consumer and Commercial Relations	187	181	(6)
	Correctional Services	581	575	(6)
	Culture and Communications	301	298	(3)
	Disability Issues, Office for	6	6	-
	Education	6,033	6,198	165
	Energy	44	41	(3)
	Environment	434	420	(14)
	Executive Offices ²	17	17	-
	Financial Institutions	60	70	10
	Francophone Affairs, Office of	4	4	-
	Government Services	518	530	12
	Greater Toronto Area, Office for the	3	3	-
	Health	16,763	16,739	(24)
	Housing	764	746	(18)
	Industry, Trade and Technology	192	183	(9)
	Technology Fund	81	81	-
	Intergovernmental Affairs	8	8	-
	Labour	363	273	(90)
	Management Board	83	80	(3)
	Contingency Fund	195	169	(26)
	Municipal Affairs	1,057	1,045	(12)
	Native Affairs Secretariat	23	23	-
	Natural Resources	589	628	39
	Northern Development and Mines	108	104	(4)
	Revenue	897	892	(5)
	Seniors' Issues, Office for	6	6	-
	Skills Development	265	262	(3)
	Solicitor General	582	581	(1)
	Tourism and Recreation	153	150	(3)
	Transportation	849	834	(15)
	Treasury and Economics	45	44	(1)
	Economic Development Projects	39	39	-
	Public Debt Interest	4,995	4,960	(35)
	Women's Issues, Office Responsible for	25	24	(1)
	Advance Payments:			
	Education	(196)	(196)	-
	Expenditure Savings and Constraints	(200)	(200)	-
TOTAL		48,471	48,645	174

¹ Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

² Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

Capital Expenditure

Table 3

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$millions)		
MINISTRIES	Agriculture and Food	21	21	-
	Attorney General	12	12	-
	Citizenship	10	10	-
	Colleges and Universities	199	199	-
	Community and Social Services	122	122	-
	Correctional Services	8	8	-
	Culture and Communications	32	31	(1)
	Disability Issues, Office for	3	3	-
	Education	419	421	2
	Energy	23	23	-
	Environment	266	261	(5)
	Government Services	322	294	(28)
	Health	250	175	(75)
	Housing	133	127	(6)
	Industry, Trade and Technology	32	17	(15)
	Municipal Affairs	36	36	-
	Native Affairs Secretariat	21	21	-
	Natural Resources	90	88	(2)
	Northern Development and Mines	261	258	(3)
	Seniors' Issues, Office for	3	3	-
	Solicitor General	28	28	-
	Tourism and Recreation	69	69	-
	Transportation	2,018	1,993	(25)
	Treasury and Economics			
	Economic Development Projects	12	12	-
	Expenditure Savings and Constraints	(100)	(100)	-
TOTAL		4,290	4,132	(158)

Capital expenditure, at \$4,132 million, is \$160 million below the first quarter forecast. These savings, part of the Mid-Year Spending Adjustment Plan, will accommodate part of the operating expenditure pressures.

- The savings of \$160 million are mainly a result of delays in the planning process, project design, implementation and land acquisition.
- The \$75 million decrease in the Ministry of Health results from delays in projects such as the new Princess Margaret Hospital and a new client services wing at the Sunnybrook Medical Centre. The Ministry of Transportation will be underspent by \$25 million in the GO Transit, municipal roads and provincial highways programs, while the Ministry of Government Services will also underspend \$23 million in the Government Relocation Program. Other underspending accounts for the balance of \$37 million.

Financing

Table 4

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$millions)		
REQUIREMENTS	Operating Deficit	(5,436)	(5,608)	(172)
	Capital Deficit	<u>(4,290)</u>	<u>(4,132)</u>	<u>158</u>
	Consolidated Deficit	(9,726)	(9,740)	(14)
FINANCING	Debt Issues	9,804	9,804	-
	Retirements:			
	Canada Pension Plan	(498)	(498)	-
	Teachers' Pensions	(44)	(44)	-
	Public Service Pensions	(87)	(87)	-
	Other	<u>(10)</u>	<u>(10)</u>	<u>-</u>
		(639)	(639)	-
	Net Debt Issues	9,165	9,165	-
	Province of Ontario Savings Office and Other Deposits (Net)	<u>270</u>	<u>210</u>	<u>(60)</u>
	Net Financing	9,435	9,375	(60)
LOANS	Net Loan Repayments (Issues)	(59)	(31)	28
CASH	Decrease in Cash	<u>350</u>	<u>396</u>	<u>46</u>
ACCUMULATED DEFICIT	Increase in Accumulated Deficit	9,726	9,740	14

- Debt issues undertaken from the beginning of this fiscal year to September 30, totalled \$7,192 million: \$5,305 million in bonds and notes in public capital markets; \$987 million in debentures to Canada Pension Plan; and a \$900 million increase in Treasury Bills.





ONTARIO FINANCES

Ministry of Treasury
and Economics

1991-92 Third Quarter

Quarterly Update
December 31, 1991

- CONSOLIDATED DEFICIT** • The consolidated deficit, at \$9,740 million, is unchanged from second quarter Ontario Finances. The net decline in personal income tax revenues announced on November 19, 1991, and the measures undertaken to balance this shortfall have been incorporated into the forecast. Since November 19, there have been offsetting changes to both revenue and expenditure with no impact on the deficit.

9 months
actual results
and 3 months
projected

Statement of Financial Transactions (\$Millions)	1991-92			Change from Second Quarter
	Budget Plan	Current Outlook	In-Year Change	
Operating Fund				
Revenue	43,035	42,787	(248)	(250)
Expenditure	<u>48,471</u>	<u>48,595</u>	<u>124</u>	<u>(50)</u>
Deficit	(5,436)	(5,808)	(372)	(200)
Capital Fund				
Expenditure	<u>4,290</u>	<u>3,932</u>	<u>(358)</u>	<u>(200)</u>
Deficit	(4,290)	(3,932)	358	200
Consolidated Budget				
Revenue	43,035	42,787	(248)	(250)
Expenditure	<u>52,761</u>	<u>52,527</u>	<u>(234)</u>	<u>(250)</u>
Deficit	(9,726)	(9,740)	(14)	-

- OPERATING REVENUE** • Estimated revenue for 1991-92 is \$42,787 million, a decrease of \$248 million from the Budget Plan and \$250 million from second quarter Finances.
- The decrease in revenues results primarily from a decline in personal income tax revenues reported in November. Much of the decline is expected to be offset by increased federal transfers.
 - Declines this quarter are also reported for retail sales tax, mining profits tax, vehicle/driver registration fees and fines and penalties. Increases are reported for interest on investments, sales and rentals, miscellaneous revenue and Canada Assistance Plan payments.

- OPERATING EXPENDITURE** • The current forecast of \$48,595 million is down \$50 million from last quarter but \$124 million above the Budget forecast. Major changes since last quarter include:
- increased requirements for the Legal Aid and Ontario Student Assistance Programs;
 - lower Public Debt Interest due to changes in the Province's borrowing strategy; and
 - Government-wide savings due to a freeze on discretionary spending, such as consulting services, furniture and vehicle purchases.

- CAPITAL FUND** • Capital expenditure of \$3,932 million is down \$200 million from second quarter and \$358 million from Budget Plan. The reduction in expenditure since second quarter is mainly due to measures undertaken to accommodate the net revenue decline.

Operating Revenue

Table 1

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
TAXATION REVENUE	Personal Income Tax ¹	15,975	14,135	(1,840)
	Retail Sales Tax	7,960	7,790	(170)
	Reciprocal Taxation	2	2	-
	Corporations Tax	3,170	3,100	(70)
	Employer Health Tax	2,665	2,665	-
	Mining Profits Tax	130	100	(30)
	Gasoline Tax	1,600	1,600	-
	Fuel Tax	370	370	-
	Tobacco Tax	1,040	1,070	30
	Land Transfer Tax	450	475	25
	Race Tracks Tax	85	85	-
	Public Utilities Income Tax	35	35	-
	Commercial Concentration Tax	110	110	-
	Other Taxation	5	13	8
		33,597	31,550	(2,047)
OTHER REVENUE	LCBO Profits	665	665	-
	Vehicle/Driver Registration Fees	680	655	(25)
	LLBO Fees, Licences and Permits	497	497	-
	Other Fees and Licences	495	495	-
	Lottery Profits	440	440	-
	Interest on Investments	460	560	100
	Royalties	205	205	-
	Utility Service Charges	145	145	-
	Sales and Rentals	120	270	150
	Fines and Penalties	180	170	(10)
	Recoveries	32	32	-
	Reimbursements	107	107	-
	Miscellaneous	75	145	70
		4,101	4,386	285
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	2,202	2,976	774
	Extended Health Care Services	512	523	11
	Canada Assistance Plan	1,984	2,124	140
	National Training Act	116	116	-
	Bilingualism Development	66	66	-
	Young Offenders	68	68	-
	Vocational Rehabilitation	57	61	4
	Other	332	917	585
		5,337	6,851	1,514
TOTAL		43,035	42,787	(248)

¹ Net Of Ontario Tax Credits.

Operating Performance

OPERATING REVENUE

The current outlook for revenue is \$42,787 million, a decrease of \$250 million from second quarter Ontario Finances. Major changes this quarter include:

- The personal income tax (PIT) estimate has been revised down by \$1,840 million. In November, 1991, the federal government advised the Province that 1990 and 1991 entitlements were overstated by \$2,140 million, of which Ontario is able to defer \$300 million to 1992-93.
- Retail sales tax (RST) revenues have been revised downward by \$170 million due to decreased consumer spending associated with the recession. And, as a result of lower base metal prices and depressed demand, mining profits tax revenues are down \$20 million.
- Interest on investments has increased by an additional \$75 million this quarter, reflecting a higher than forecast average level of liquid reserves.
- Revenue from sales and rentals of Provincial assets has increased by \$150 million as a result of the sale of Skydome. Miscellaneous revenues are \$70 million higher due to asset management activities, including cash transfers from various Crown agencies.
- Revenue from Established Programs Financing (EPF) has been revised upwards by \$774 million. This increase includes \$585 million associated with the PIT decline and \$189 million reflecting federal revisions primarily related to population data and the inclusion of temporary residents in the EPF entitlement formula.
- Canada Assistance Plan payments have been revised upward by \$140 million, reflecting payments for prior years and the associated increase in entitlements for 1991-92.
- Other federal payments have been revised upward by \$585 million, reflecting anticipated payments under the federal fiscal stabilization program.

OPERATING EXPENDITURE

The current forecast of \$48,595 million is down \$50 million from the level reported in the second quarter Ontario Finances. Major changes this quarter include:

- Attorney General - an additional \$36 million for the Ontario Legal Aid Program mainly due to higher volumes, arising in part from the "Askov" decision and in part from increased numbers of people qualifying for assistance. Increased unemployment has adversely affected the ability of many individuals to provide for legal representation.
- Colleges and Universities - \$50 million more for the Ontario Student Assistance Program (OSAP). Due to the recession, more students have been unable to meet post-secondary education costs.
- Contingency Fund - the distribution of \$75 million to ministries to enable Provincially funded agencies to meet pay equity obligations.
- Public Debt Interest - reduction of an additional \$105 million due to less Treasury Bill issuance as a result of better public market bond opportunities.
- Government wide - \$50 million constraint on ministry purchases of vehicles, furniture and consulting services, of which \$23 million has been secured to date.

Operating Expenditure

Table 2

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
MINISTRIES	Agriculture and Food	576	603	27
	Attorney General	628	650	22
	Board of Internal Economy ¹	131	149	18
	Citizenship	58	56	(2)
	Colleges and Universities	3,062	3,105	43
	Community and Social Services	8,142	8,370	228
	Consumer and Commercial Relations	187	181	(6)
	Correctional Services	581	580	(1)
	Culture and Communications	301	298	(3)
	Disability Issues, Office for	6	5	(1)
	Education	6,033	6,219	186
	Energy	44	40	(4)
	Environment	434	415	(19)
	Executive Offices ²	17	17	-
	Financial Institutions	60	69	9
	Francophone Affairs, Office of	4	4	-
	Government Services	518	530	12
	Greater Toronto Area, Office for the	3	3	-
	Health	16,763	16,759	(4)
	Housing	764	744	(20)
	Industry, Trade and Technology	192	184	(8)
	Technology Fund	81	81	-
	Intergovernmental Affairs	8	8	-
	Labour	363	265	(98)
	Management Board	83	82	(1)
	Contingency Fund	195	67	(128)
	Municipal Affairs	1,057	1,048	(9)
	Native Affairs Secretariat	23	23	-
	Natural Resources	589	627	38
	Northern Development and Mines	108	109	1
	Revenue	897	892	(5)
	Seniors' Issues, Office for	6	6	-
	Skills Development	265	261	(4)
	Solicitor General	582	581	(1)
	Tourism and Recreation	153	149	(4)
	Transportation	849	850	1
	Treasury and Economics	45	44	(1)
	Economic Development Projects	39	38	(1)
	Public Debt Interest	4,995	4,855	(140)
	Women's Issues, Office Responsible for	25	24	(1)
	Advance Payments:			
	Education	(196)	(196)	-
	Expenditure Savings and Constraints	(200)	(200)	-
TOTAL		48,471	48,595	124

¹ Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

² Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

Operating Performance

OPERATING REVENUE

The current outlook for revenue is \$42,787 million, a decrease of \$250 million from second quarter Ontario Finances. Major changes this quarter include:

- The personal income tax (PIT) estimate has been revised down by \$1,840 million. In November, 1991, the federal government advised the Province that 1990 and 1991 entitlements were overstated by \$2,140 million, of which Ontario is able to defer \$300 million to 1992-93.
- Retail sales tax (RST) revenues have been revised downward by \$170 million due to decreased consumer spending associated with the recession. And, as a result of lower base metal prices and depressed demand, mining profits tax revenues are down \$20 million.
- Interest on investments has increased by an additional \$75 million this quarter, reflecting a higher than forecast average level of liquid reserves.
- Revenue from sales and rentals of Provincial assets has increased by \$150 million as a result of the sale of Skydome. Miscellaneous revenues are \$70 million higher due to asset management activities, including cash transfers from various Crown agencies.
- Revenue from Established Programs Financing (EPF) has been revised upwards by \$774 million. This increase includes \$585 million associated with the PIT decline and \$189 million reflecting federal revisions primarily related to population data and the inclusion of temporary residents in the EPF entitlement formula.
- Canada Assistance Plan payments have been revised upward by \$140 million, reflecting payments for prior years and the associated increase in entitlements for 1991-92.
- Other federal payments have been revised upward by \$585 million, reflecting anticipated payments under the federal fiscal stabilization program.

OPERATING EXPENDITURE

The current forecast of \$48,595 million is down \$50 million from the level reported in the second quarter Ontario Finances. Major changes this quarter include:

- Attorney General - an additional \$36 million for the Ontario Legal Aid Program mainly due to higher volumes, arising in part from the "Askov" decision and in part from increased numbers of people qualifying for assistance. Increased unemployment has adversely affected the ability of many individuals to provide for legal representation.
- Colleges and Universities - \$50 million more for the Ontario Student Assistance Program (OSAP). Due to the recession, more students have been unable to meet post-secondary education costs.
- Contingency Fund - the distribution of \$75 million to ministries to enable Provincially funded agencies to meet pay equity obligations.
- Public Debt Interest - reduction of an additional \$105 million due to less Treasury Bill issuance as a result of better public market bond opportunities.
- Government wide - \$50 million constraint on ministry purchases of vehicles, furniture and consulting services, of which \$23 million has been secured to date.

Financing

Table 4

		1991-92		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
REQUIREMENTS	Operating Deficit	(5,436)	(5,808)	(372)
	Capital Deficit	<u>(4,290)</u>	<u>(3,932)</u>	<u>358</u>
	Consolidated Deficit	(9,726)	(9,740)	(14)
FINANCING	Debt Issues	9,804	9,804	-
	Retirements:			
	Canada Pension Plan	(498)	(498)	-
	Teachers' Pensions	(44)	(44)	-
	Public Service Pensions	(87)	(87)	-
	Other	<u>(10)</u>	<u>(10)</u>	<u>-</u>
		(639)	(639)	-
	Net Debt Issues	9,165	9,165	-
	Province of Ontario Savings Office and Other Deposits (Net)	<u>270</u>	<u>234</u>	<u>(36)</u>
	Net Financing	9,435	9,399	(36)
LOANS	Net Loan Repayments (Issues)	(59)	(20)	39
CASH	Decrease in Cash	<u>350</u>	<u>361</u>	<u>11</u>
ACCUMULATED DEFICIT	Increase in Accumulated Deficit	9,726	9,740	14

- Debt issues undertaken from the beginning of this fiscal year to December 31, totalled \$9,552 million: \$7,665 million in bonds and notes in public capital market; \$987 million in debentures to Canada Pension Plan; and a \$900 million increase in Treasury Bills.





Ontario

ONTARIO FINANCES

Ministry of Treasury
and Economics

1992-93 First Quarter

Quarterly Update
June 30, 1992

- OPERATING DEFICIT**
- The 1992 Budget remains on target. The operating deficit for this fiscal year is \$6,035 million, \$13 million higher than the Budget Plan.
 - Unaudited actual results for 1991-92 indicate that the operating deficit was \$7,056 million, the same level as reported in the Budget.

3 months
actual results
and 9 months
projected

Fiscal Summary (\$ Millions)	1991-92 Actual	Budget Plan	1992-93	
			Current Outlook	In-Year Change
Revenue	41,350	44,925	44,880	(45)
Operating Expenditure	48,406	50,947	50,915	(32)
Operating Deficit	7,056	6,022	6,035	13
Capital Expenditure	3,874	3,900	3,902	2
Budgetary Requirements	10,930	9,922	9,937	15
Total Expenditure	52,280	54,847	54,817	(30)

- OPERATING REVENUE**
- Estimated revenue for 1992-93 is \$44,880 million, a net decrease of \$45 million from Budget.
 - The net decline reported this quarter reflects a forecast correction. Part of the decline is offset by a payment from the federal government in respect of prior-year entitlements.

- OPERATING EXPENDITURE**
- The expenditure forecast, at \$50,915 million, is \$32 million lower than the Budget Plan.
 - The operating expenditure decline results from a decrease to offset the revenue forecast correction and a transfer of funds to capital.

- CAPITAL ACCOUNT**
- Capital expenditure increased \$2 million, to \$3,902 million, due to a transfer of operating funds for alterations to court offices.

Operating Revenue

Table 1

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
			(\$Millions)	
TAXATION REVENUE	Personal Income Tax ¹	13,880	13,880	-
	Retail Sales Tax	7,865	7,865	-
	Corporations Tax	3,270	3,270	-
	Employer Health Tax	2,745	2,745	-
	Mining Profits Tax	50	50	-
	Gasoline Tax	1,850	1,850	-
	Fuel Tax	450	450	-
	Tobacco Tax	985	985	-
	Land Transfer Tax	445	445	-
	Race Tracks Tax	98	98	-
	Commercial Concentration Tax	113	113	-
	Other Taxation	15	50	35
		31,766	31,801	35
OTHER REVENUE	LCBO Profits	685	685	-
	Vehicle/Driver Registration Fees	675	675	-
	LLBO Fees, Licences and Permits	650	570	(80)
	Other Fees and Licences	630	630	-
	Lottery Profits	470	470	-
	Interest on Investments	380	380	-
	Royalties	210	210	-
	Utility Service Charges	160	160	-
	Sales and Rentals	1,202	1,202	-
	Fines and Penalties	155	155	-
	Recoveries	45	45	-
	Reimbursements	117	117	-
	Miscellaneous	50	50	-
		5,429	5,349	(80)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	3,629	3,629	-
	Canada Assistance Plan	2,250	2,250	-
	National Training Act	105	105	-
	Bilingualism Development	72	72	-
	Young Offenders	60	60	-
	Vocational Rehabilitation	63	63	-
	Other	1,551	1,551	-
		7,730	7,730	-
TOTAL		44,925	44,880	(45)

¹ Net Of Ontario Tax Credits.

Operating Expenditure

Table 2

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
MINISTRIES	Agriculture and Food	558	558	-
	Attorney General	739	737	(2)
	Board of Internal Economy ¹	148	148	-
	Citizenship	56	56	-
	Colleges and Universities	3,177	3,177	-
	Community and Social Services	9,463	9,465	2
	Consumer and Commercial Relations	179	182	3
	Correctional Services	579	579	-
	Culture and Communications	296	297	1
	Disability Issues, Office for	9	9	-
	Education	5,792	5,806	14
	Energy	43	43	-
	Environment	429	431	2
	Executive Offices ²	16	16	-
	Financial Institutions	63	63	-
	Francophone Affairs, Office of	4	4	-
	Government Services	503	503	-
	Greater Toronto Area, Office for the	3	3	-
	Health	16,986	16,986	-
	Housing	919	919	-
	Industry, Trade and Technology	324	324	-
	Technology Fund	81	81	-
	Intergovernmental Affairs	8	8	-
	Labour	274	274	-
	Management Board	100	102	2
	Municipal Affairs	1,063	1,063	-
	Native Affairs Secretariat	22	22	-
	Natural Resources	596	596	-
	Northern Development and Mines	99	101	2
	Revenue	749	749	-
	Seniors' Issues, Office for	4	4	-
	Skills Development	394	374	(20)
	Solicitor General	576	590	14
	Tourism and Recreation	141	141	-
	Transportation	849	849	-
	Treasury and Economics	45	45	-
	Contingency Fund	365	315	(50)
	Economic Development Projects	15	15	-
	Public Debt Interest	5,655	5,655	-
	Women's Issues, Office Responsible for	25	25	-
	Expenditure Savings and Constraints	(400)	(400)	-
TOTAL		50,947	50,915	(32)

¹ Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

² Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

Capital Expenditure

Table 3

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
MINISTRIES	Agriculture and Food	15	17	2
	Attorney General	6	8	2
	Citizenship	8	11	3
	Colleges and Universities	100	128	28
	Community and Social Services	85	114	29
	Culture and Communications	15	22	7
	Disability Issues, Office for	2	3	1
	Education	332	356	24
	Energy	11	16	5
	Environment	200	225	25
	Government Services	225	275	50
	Health	200	200	-
	Housing	86	91	5
	Industry, Trade and Technology	28	30	2
	Municipal Affairs	19	19	-
	Native Affairs Secretariat	20	20	-
	Natural Resources	55	71	16
	Northern Development and Mines	209	244	35
	Seniors' Issues, Office for	3	3	-
	Solicitor General	5	5	-
	Tourism and Recreation	50	57	7
	Transportation	1,715	1,833	118
	Treasury and Economics			
	Economic Development Projects	11	11	-
	<i>jobsOntarioCapital</i>	500	143	(357)
TOTAL		3,900	3,902	2

Capital expenditures, at \$3,902 million, are \$2 million higher than the Budget forecast:

- To date, \$357 million has been transferred from *jobsOntarioCapital* to various ministries. The main recipients are Transportation (\$118M), Government Services (\$50M), Northern Development and Mines (\$35M), Community and Social Services (\$29M), Colleges and Universities (\$28M) and Environment (\$25M).
- The Ministry of the Attorney General transferred \$2 million in operating funds to capital in order to renovate court offices related to increased jurisdiction of the small claims courts.

Operating Performance

OPERATING REVENUE

The current outlook for revenue is \$44,880 million, a net decrease of \$45 million from the original Budget forecast. Changes this quarter include:

- Taxation Revenue is forecast to be \$35 million higher than Budget. This results from a larger than expected federal payment in respect of the Preferred Share Dividend Tax.
- In non-taxation revenue, LLBO Fees, Licences and Permits is reduced by \$80 million as a result of a forecast correction.

OPERATING EXPENDITURE

The current operating expenditure forecast of \$50,915 million is \$32 million below the Budget Plan. Expenditure changes for the quarter ended June 30, 1992 are:

- The Ministry of the Attorney General transferred \$2 million in operating funds to capital for court office renovations.
- The Ministry of Consumer and Commercial Relations received \$3 million in funding to establish the casino project implementation team.
- The Ministry of Skills Development transferred \$20 million from *jobsOntarioTraining*, to several ministries, related to youth employment programs, the main recipient being the Ministry of Education (\$14 million).
- The Ministry of the Solicitor General required \$14 million to meet OPP base salary and benefits requirements.
- The Contingency Fund has been reduced by \$50 million to offset additional expenditure requirements, including the Solicitor General and Consumer and Commercial Relations, and to offset \$30 million of the revenue correction.

Financing

Table 4

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
REQUIREMENTS	Operating Deficit	6,022	6,035	13
	Capital Deficit	<u>3,900</u>	<u>3,902</u>	<u>2</u>
	Budgetary Requirements	9,922	9,937	15
FINANCING	Debt Issues	10,592	10,592	-
	Retirements:			
	Canada Pension Plan	(536)	(536)	-
	Teachers' Pensions	(506)	(506)	-
	Public Service Pensions	(124)	(124)	-
	Other	<u>(10)</u>	<u>(10)</u>	<u>-</u>
		(1,176)	(1,176)	-
	Net Debt Issues	9,416	9,416	-
	Province of Ontario Savings Office and Other Deposits (Net)	<u>254</u>	<u>254</u>	<u>-</u>
	Net Financing	9,670	9,670	-
LOANS	Net Loan Repayments (Issues)	(98)	(98)	-
CASH	Decrease in Cash	<u>350</u>	<u>365</u>	<u>15</u>
ACCUMULATED DEFICIT	Increase in Accumulated Deficit	9,922	9,937	15

- Debt issues undertaken from the beginning of this fiscal year to June 30, 1992 totalled \$6,288 million: \$3,894 million in bonds and notes in public capital markets; \$569 million in debentures to Canada Pension Plan; and a \$1,825 million increase in short-term borrowings.





Ontario

ONTARIO FINANCES

Ministry of Treasury
and Economics

1992-93 Second Quarter

Quarterly Update
September 30, 1992

- OPERATING DEFICIT** • The operating deficit at \$6,160 million is up \$138 million from the Plan and up \$125 million from the first quarter.

6 months
actual results
and 6 months
projected

Fiscal Summary (\$ Millions)	1992-93			
	Budget* Plan	Current Outlook	In-Year Change	Change from First Quarter
Revenue	44,545	43,950	(595)	(550)
Operating Expenditure	50,567	50,110	(457)	(425)
Operating Deficit	6,022	6,160	138	125
Capital Expenditure	3,900	3,777	(123)	(125)
Budgetary Requirements	9,922	9,937	15	0
Total Expenditure	54,467	53,887	(580)	(550)

* For reporting purposes, revenue from Interest on Investments reported in the 1992 Budget has been netted against Public Debt Interest expenditure.

- OPERATING REVENUE** • Estimated revenue for 1992-93 is \$43,950 million, a decrease of \$595 million from the Budget Plan, and \$550 million below the level reported in the first quarter report.
- The losses this quarter result mainly from the impact of a slower recovery on taxation revenue sources.
 - Declines are reported for Personal Income Tax, Retail Sales Tax, Corporations Tax, the Employer Health Tax, LCBO profits and LLBO fees, licences and permits.

- OPERATING EXPENDITURE** • The expenditure forecast at \$50,110 million is down \$457 million from Budget Plan and \$425 million from first quarter results.

- CAPITAL ACCOUNT** • Capital expenditures are forecast at \$3,777 million, down \$125 million from the first quarter forecast and \$123 million from the Budget Plan. The reduction in expenditures since first quarter is mainly due to slower uptake of projects and planning delays.

Operating Revenue

Table 1

		1992-93		
		Budget ² Plan	Current Outlook	In-Year Change
		(\$Millions)		
TAXATION REVENUE	Personal Income Tax ¹	13,880	13,620	(260)
	Retail Sales Tax	7,865	7,680	(185)
	Corporations Tax	3,270	3,210	(60)
	Employer Health Tax	2,745	2,685	(60)
	Mining Profits Tax	50	50	-
	Gasoline Tax	1,850	1,850	-
	Fuel Tax	450	450	-
	Tobacco Tax	985	985	-
	Land Transfer Tax	445	445	-
	Race Tracks Tax	98	98	-
	Commercial Concentration Tax	113	113	-
	Other Taxation	15	50	35
		31,766	31,236	(530)
OTHER REVENUE	LCBO Profits	685	655	(30)
	Vehicle/Driver Registration Fees	675	675	-
	LLBO Fees, Licences and Permits	650	550	(100)
	Other Fees and Licences	630	630	-
	Lottery Profits	470	470	-
	Royalties	210	210	-
	Utility Service Charges	160	160	-
	Sales and Rentals	1,202	1,202	-
	Fines and Penalties	155	155	-
	Recoveries	45	45	-
	Reimbursements	117	117	-
	Miscellaneous	50	50	-
		5,049	4,919	(130)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	3,629	3,694	65
	Canada Assistance Plan	2,250	2,250	-
	National Training Act	105	105	-
	Bilingualism Development	72	72	-
	Young Offenders	60	60	-
	Vocational Rehabilitation	63	63	-
	Other	1,551	1,551	-
		7,730	7,795	65
TOTAL		44,545	43,950	(595)

¹ Net Of Ontario Tax Credits.

² Interest on Investments is no longer shown as a revenue. It is netted off Public Debt Interest expenditure in Table 2.

Operating Expenditure

Table 2

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
MINISTRIES	Agriculture and Food	558	558	-
	Attorney General	739	739	-
	Board of Internal Economy ¹	148	148	-
	Citizenship	56	56	-
	Colleges and Universities	3,177	3,179	2
	Community and Social Services	9,463	9,458	(5)
	Consumer and Commercial Relations	179	181	2
	Correctional Services	579	579	-
	Culture and Communications	296	297	1
	Disability Issues, Office for	9	9	-
	Education	5,792	5,765	(27)
	Energy	43	42	(1)
	Environment	429	425	(4)
	Executive Offices ²	16	16	-
	Financial Institutions	63	62	(1)
	Francophone Affairs, Office of	4	4	-
	Government Services	503	503	-
	Greater Toronto Area, Office for the	3	3	-
	Health	16,986	16,913	(73)
	Housing	919	919	-
	Industry, Trade and Technology	324	314	(10)
	Technology Fund	81	81	-
	Intergovernmental Affairs	8	8	-
	Labour	274	258	(16)
	Management Board	100	100	-
	Municipal Affairs	1,063	1,061	(2)
	Native Affairs Secretariat	22	21	(1)
	Natural Resources	596	593	(3)
	Northern Development and Mines	99	101	2
	Revenue	749	749	-
	Seniors' Issues, Office for	4	4	-
	Skills Development	394	366	(28)
	Solicitor General	576	586	10
	Tourism and Recreation	141	140	(1)
	Transportation	849	850	1
	Treasury and Economics	45	45	-
	Contingency Fund	365	257	(108)
	Economic Development Projects	15	15	-
	Public Debt Interest ³	5,275	5,275	-
	Women's Issues, Office Responsible for	25	25	-
	Expenditure Savings and Constraints	(400)	(45)	355
	Further Reductions	-	(550)	(550)
TOTAL		50,567	50,110	(457)

¹ Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

² Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

³ Net of Interest on Investments.

Capital Expenditure

Table 3

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
MINISTRIES	Agriculture and Food	15	17	2
	Attorney General	6	8	2
	Citizenship	8	11	3
	Colleges and Universities	100	112	12
	Community and Social Services	85	114	29
	Culture and Communications	15	22	7
	Disability Issues, Office for	2	3	1
	Education	332	356	24
	Energy	11	15	4
	Environment	200	217	17
	Government Services	225	244	19
	Health	200	190	(10)
	Housing	86	86	-
	Industry, Trade and Technology	28	31	3
	Municipal Affairs	19	18	(1)
	Native Affairs Secretariat	20	19	(1)
	Natural Resources	55	66	11
	Northern Development and Mines	209	248	39
	Seniors' Issues, Office for	3	3	-
	Solicitor General	5	5	-
	Tourism and Recreation	50	59	9
	Transportation	1,715	1,786	71
	Treasury and Economics			
	Economic Development Projects	11	11	-
	<i>jobsOntarioCapital</i>	500	136	(364)
TOTAL		3,900	3,777	(123)

Capital expenditure, at \$3,777 million, is \$125 million below the first quarter forecast and down \$123 million from Budget Plan. These savings are due mainly to delays in the planning process, and project design and implementation.

- A \$47 million decrease in the Ministry of Transportation results from revised scheduling and underspending in municipal transit, municipal roads, GO Transit and provincial highways, while the Ministry of Government Services will underspend by \$31 million in relocation programs and courts projects. The Ministry of Colleges and Universities will underspend by \$16 million due to delays in new project starts. The Ministry of Health will also underspend by \$10 million in health facilities. Other underspending accounts for the balance of \$21 million.
- Further to the \$357 million distributed in the first quarter, an additional \$7 million has been transferred from *jobsOntarioCapital* to the Ministries of Northern Development and Mines, Tourism and Recreation, and Industry, Trade and Technology.

Operating Performance

OPERATING REVENUE

The current outlook for revenue is \$43,950 million, a net decrease of \$595 million from the original Budget Plan and \$550 million below first quarter Ontario Finances. Changes this quarter include:

- The outlook for Personal Income Tax has been reduced \$260 million based on preliminary data from the federal government. The \$65 million increase in Established Programs Financing reflects the downward PIT revision.
- The estimate for Retail Sales Tax revenue has been revised downward by \$185 million due to decreased consumer spending associated with a slower than expected economic recovery.
- Similarly, the outlook for Employer Health Tax revenue has been reduced by \$60 million, reflecting a higher than anticipated level of unemployment and slower growth in total wages and salaries.
- Corporations Tax revenue has been reduced by \$60 million as a result of lower than anticipated final settlement payments in respect of the 1991 tax year.
- In non-taxation revenue sources, declining sales performance has led to a reduction of \$30 million in the estimate of LCBO profits, and a further decline this quarter of \$20 million in the outlook for LLBO fees, licences and permits.

OPERATING EXPENDITURE

The current forecast at \$50,110 million is down \$457 million from the Budget and \$425 million from first quarter results. Significant changes this quarter include:

- The Contingency Fund is down \$58 million mainly due to the distribution of \$47 million for BPS Pay Equity including Ministry of Health - \$16 million, Ministry of Education - \$14 million, Ministry of Community and Social Services - \$9 million and Ministry of Colleges and Universities - \$6 million.
- Reductions in the Ministry of Education include \$21 million in General Legislative Grants and \$32 million in the Teachers' Pension Fund mainly due to an advance of contributions made in fiscal 1991-92.
- The expenditure review undertaken by the Ministry of Health identified savings of \$88 million in transfer payments.
- Ministry of Labour is saving \$16 million in the Wage Protection Fund due to revised cashflow projections and lower than expected costs per claim.
- Expenditure Savings and Constraints of \$355 million have been achieved.
- Further expenditure reductions of \$550 million are being identified to meet Budgetary Requirements.

Financing

Table 4

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
REQUIREMENTS	Operating Deficit	6,022	6,160	138
	Capital Deficit	<u>3,900</u>	<u>3,777</u>	<u>(123)</u>
	Budgetary Requirements	9,922	9,937	15
FINANCING	Debt Issues	10,592	10,592	-
	Retirements:			
	Canada Pension Plan	(536)	(536)	-
	Teachers' Pensions	(506)	(506)	-
	Public Service Pensions	(124)	(124)	-
	Other	<u>(10)</u>	<u>(10)</u>	<u>-</u>
		(1,176)	(1,176)	-
	Net Debt Issues	9,416	9,416	-
	Province of Ontario Savings Office and Other Deposits (Net)	<u>254</u>	<u>234</u>	<u>(20)</u>
	Net Financing	9,670	9,650	(20)
LOANS	Net Loan Repayments (Issues)	(98)	(98)	-
CASH	Decrease in Cash	<u>350</u>	<u>385</u>	<u>35</u>
ACCUMULATED DEFICIT	Increase in Accumulated Deficit	9,922	9,937	15

- Debt issues undertaken from the beginning of this fiscal year to September 30, 1992 totalled \$8,318 million: \$6,864 million in bonds and notes in public capital markets; \$700 million in debentures to Canada Pension Plan; and a \$754 million increase in short-term borrowings.





Ontario

Ministry of Treasury
and Economics

ONTARIO FINANCES

1992-93 Third Quarter

Quarterly Update
December 31, 1992**OPERATING
DEFICIT**

The operating deficit at \$7,227 million is up \$1,205 million from the Budget Plan and up \$1,067 million from the second quarter.

9 months
actual results
and 3 months
projected

Fiscal Summary (\$ Millions)	1992-93			Change from Second Quarter
	Budget *	Current Outlook	In-Year Change	
Revenue	44,545	42,950	(1,595)	(1,000)
Operating Expenditure	<u>50,567</u>	<u>50,177</u>	<u>(390)</u>	<u>67</u>
Operating Deficit	6,022	7,227	1,205	1,067
Capital Expenditure	<u>3,900</u>	<u>3,710</u>	<u>(190)</u>	<u>(67)</u>
Budgetary Requirements	9,922	10,937	1,015	1,000
Total Expenditure	54,467	53,887	(580)	-

* For reporting purposes, revenue from Interest on Investments reported in the 1992 Budget has been netted against Public Debt Interest expenditure.

**OPERATING
REVENUE**

- Estimated revenue for 1992-93 is \$42,950 million, a decrease of \$1,595 million from the Budget Plan, and \$1,000 million below the level reported in the second quarter report.
- The decrease in revenues from the second quarter results primarily from lower taxation revenue due to the slower than anticipated growth in nominal income and employment, and delays in planned asset sales.
- Other declines in non-taxation revenue sources are reported for LCBO Profits, LLBO Fees, Licences and Permits and Other Fees and Licences. Increases are reported for Lottery Profits and Recoveries.
- Declines in revenue are partially offset by increased federal cash transfers for Established Programs Financing due to revised federal data on personal and corporate income taxes, population and GNP.

**OPERATING
EXPENDITURE**

- The expenditure forecast at \$50,177 million is down \$390 million from Budget Plan and up \$67 million from second quarter results.

**CAPITAL
ACCOUNT**

- Capital expenditures are forecast at \$3,710 million, down \$67 million from the second quarter forecast and \$190 million from the Budget Plan. The reduction in expenditures since second quarter is mainly due to lower priced contracts, slower uptake of projects and planning and design delays.

Operating Revenue

Table 1

		1992-93		
		Budget ² Plan	Current Outlook	In-Year Change
		(\$Millions)		
TAXATION REVENUE	Personal Income Tax ¹	13,880	13,580	(300)
	Retail Sales Tax	7,865	7,390	(475)
	Corporations Tax	3,270	3,070	(200)
	Employer Health Tax	2,745	2,610	(135)
	Mining Profits Tax	50	20	(30)
	Gasoline Tax	1,850	1,850	-
	Fuel Tax	450	450	-
	Tobacco Tax	985	985	-
	Land Transfer Tax	445	405	(40)
	Race Tracks Tax	98	83	(15)
	Commercial Concentration Tax	113	113	-
	Other Taxation	15	50	35
		31,766	30,606	(1,160)
OTHER REVENUE	LCBO Profits	685	625	(60)
	Vehicle/Driver Registration Fees	675	692	17
	LLBO Fees, Licences and Permits	650	500	(150)
	Other Fees and Licences	630	565	(65)
	Lottery Profits	470	505	35
	Royalties	210	210	-
	Utility Service Charges	160	160	-
	Sales and Rentals	1,202	717	(485)
	Fines and Penalties	155	155	-
	Recoveries	45	100	55
	Reimbursements	117	117	-
	Miscellaneous	50	50	-
		5,049	4,396	(653)
FEDERAL GOVERNMENT PAYMENTS	Established Programs Financing	3,629	3,841	212
	Canada Assistance Plan	2,250	2,266	16
	National Training Act	105	105	-
	Bilingualism Development	72	72	-
	Young Offenders	60	60	-
	Vocational Rehabilitation	63	63	-
	Fiscal Stabilization	1,190	1,190	-
	Other	361	351	(10)
		7,730	7,948	218
TOTAL		44,545	42,950	(1,595)

¹ Net Of Ontario Tax Credits.

² Interest on Investments is no longer shown as a revenue. It is netted off Public Debt Interest expenditure in Table 2.

Operating Expenditure

Table 2

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
MINISTRIES				
	Agriculture and Food	558	549	(9)
	Attorney General	739	735	(4)
	Board of Internal Economy ¹	148	138	(10)
	Citizenship	56	57	1
	Colleges and Universities	3,177	3,206	29
	Community and Social Services	9,463	9,422	(41)
	Consumer and Commercial Relations	179	179	-
	Correctional Services	579	572	(7)
	Culture and Communications	296	295	(1)
	Disability Issues, Office for	9	9	-
	Education	5,792	5,747	(45)
	Energy	43	41	(2)
	Environment	429	414	(15)
	Executive Offices ²	16	15	(1)
	Financial Institutions	63	61	(2)
	Francophone Affairs, Office of	4	4	-
	Government Services	503	503	-
	Greater Toronto Area, Office for the	3	3	-
	Health	16,986	16,834	(152)
	Housing	919	917	(2)
	Industry, Trade and Technology	324	305	(19)
	Technology Fund	81	81	-
	Intergovernmental Affairs	8	8	-
	Labour	274	264	(10)
	Management Board	100	86	(14)
	Municipal Affairs	1,063	1,061	(2)
	Native Affairs Secretariat	22	21	(1)
	Natural Resources	596	587	(9)
	Northern Development and Mines	99	99	-
	Revenue	749	776	27
	Seniors' Issues, Office for	4	4	-
	Skills Development	394	359	(35)
	Solicitor General	576	577	1
	Tourism and Recreation	141	139	(2)
	Transportation	849	839	(10)
	Treasury and Economics	45	44	(1)
	Contingency Fund	365	237	(128)
	Economic Development Projects	15	15	-
	Public Debt Interest ³	5,275	5,275	-
	Women's Issues, Office Responsible for	25	24	(1)
	Expenditure Savings and Constraints	(400)	-	400
	Further Reductions	-	(325)	(325)
TOTAL		50,567	50,177	(390)

¹ Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

² Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

³ Net of Interest on Investments.

Capital Expenditure

Table 3

		1992-93			jobs Ontario Capital
		Budget Plan	Current Outlook	In-Year Change	
		(\$Millions)			
MINISTRIES	Agriculture and Food	15	19	4	4
	Attorney General	6	8	2	1
	Citizenship	8	12	4	5
	Colleges and Universities	100	133	33	49
	Community and Social Services	85	106	21	29
	Culture and Communications	15	40	25	25
	Disability Issues, Office for	2	3	1	1
	Education	332	391	59	59
	Energy	11	15	4	5
	Environment	200	217	17	25
	Government Services	225	230	5	52
	Health	200	190	(10)	-
	Housing	86	91	5	14
	Industry, Trade and Technology	28	33	5	5
	Municipal Affairs	19	18	(1)	-
	Native Affairs Secretariat	20	19	(1)	-
	Natural Resources	55	74	19	26
	Northern Development and Mines	209	251	42	47
	Seniors' Issues, Office for	3	3	-	-
	Solicitor General	5	7	2	2
	Tourism and Recreation	50	62	12	14
	Transportation	1,715	1,765	50	125
	Treasury and Economics				
	Economic Development Projects	11	11	-	-
	jobsOntarioCapital	500	12	(488)	12
TOTAL		3,900	3,710	(190)	500

Capital expenditure, at \$3,710 million, is \$67 million down from the second quarter forecast and \$190 million down from Budget Plan. These savings are due mainly to lower priced contracts, delays in the planning process, and project design and implementation. **Significant changes this quarter include:**

- A \$21 million decrease in the Ministry of Transportation results from revised scheduling and underspending in municipal transit and GO Transit, while the Ministry of Government Services will underspend by a net of \$14 million due to delays in relocation programs and other projects. Other underspending accounts for the balance of \$32 million.
- Further to the \$364 million distributed in the first and second quarters, an additional \$124 million has been transferred from **jobsOntarioCapital** mainly to the Ministries of Colleges and Universities, Culture and Communications, Education and Natural Resources. In total, \$488 million has been allocated to ministries to undertake **jobsOntarioCapital** projects.

Operating Performance

OPERATING REVENUE The current outlook for revenue is \$42,950 million, a decrease of \$1,595 million from the Budget Plan, and \$1,000 million lower than the level reported in the second quarter. **Major changes this quarter include:**

- The outlook for Personal Income Tax payments has been reduced by \$40 million to reflect anticipated cash flow adjustments from the federal government for a total decrease of \$300 million. The \$147 million increase in federal payments for Established Programs Financing reflects the downward revision to PIT revenues as well as federal data revisions primarily related to corporate taxable income, GNP and population.
- The retail sector continued to exhibit weakness, and the outlook for Retail Sales Tax has been reduced by \$290 million to \$475 million below the Budget Plan.
- Corporations Tax has been reduced by \$140 million to \$200 million below the Budget Plan. The decrease reflects continued weak corporate profits and a lower than anticipated level of final settlement payments.
- The outlook for the Employer Health Tax revenue has been revised down by \$75 million as a result of a higher than anticipated level of unemployment and slower growth in wages and salaries.
- Continued weakness in the housing market has led to a downward revision of \$40 million in the estimate for the Land Transfer Tax.
- In non-taxation revenue sources, the decrease in asset sales reflects delays for Skydome and GO Transit. As well, LCBO Profits and LLBO Fees, Licences and Permits are revised downward by \$30 million and \$50 million respectively due to continuing weakness in sales.

OPERATING EXPENDITURE The current forecast at \$50,177 million is down \$390 million from the Budget but \$67 million higher than second quarter results. **Significant changes this quarter include:**

- The Ministry of Colleges and Universities received an additional \$27 million to fund increased demand for the Ontario Student Assistance Plan.
- The Ministry of Community and Social Services reports reductions mainly due to delays in child care projects.
- The Ministry of Education identified savings of \$18 million mainly in General Legislative Grants.
- The management initiatives undertaken by the Ministry of Health have identified further savings of \$69 million in transfer payments and direct operating expenditures.
- The Ministry of Revenue required an additional \$27 million largely due to the increased needs of seniors for Property Tax Grants and the Guaranteed Annual Income.
- Since second quarter, further cost reductions of \$270 million have been achieved. The \$400 million savings and constraints are completed and the \$550 million further target is reduced to \$325 million. To date \$625 million savings have been achieved.

Financing

Table 4

		1992-93		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
REQUIREMENTS	Operating Deficit	6,022	7,227	1,205
	Capital Deficit	<u>3,900</u>	<u>3,710</u>	<u>(190)</u>
	Budgetary Requirements	9,922	10,937	1,015
FINANCING	Debt Issues	10,592	15,176	4,584
	Retirements:			
	Canada Pension Plan	(536)	(536)	—
	Teachers' Pensions	(506)	(506)	—
	Public Service Pensions	(124)	(124)	—
	Other	<u>(10)</u>	<u>(10)</u>	<u>—</u>
		(1,176)	(1,176)	—
	Net Debt Issues	9,416	14,000	4,584
	Province of Ontario Savings Office and Other Deposits (Net)	<u>254</u>	<u>171</u>	<u>(83)</u>
	Net Financing	9,670	14,171	4,501
LOANS	Net Loan Repayments (Issues)	(98)	(98)	—
CASH	Decrease (Increase) in Cash	<u>350</u>	<u>(3,136)</u>	<u>(3,486)</u>
ACCUMULATED DEFICIT	Increase in Accumulated Deficit	9,922	10,937	1,015

- Debt issues undertaken from the beginning of this fiscal year to December 31, 1992 totalled \$9,554 million: \$8,082 million in bonds and notes in public capital markets; \$700 million in debentures to Canada Pension Plan; and a \$772 million increase in short-term borrowings.
- The Province continues to implement its policy to pre-borrow ahead of its financing requirements in order to maintain maximum financing flexibility.





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